

1
THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

Printed for the use of the Foreign Office.

CONFIDENTIAL.

(15556)

FURTHER CORRESPONDENCE

RESPECTING

P E R S I A

PART XLIV

JANUARY TO JUNE 1938

TABLE OF CONTENTS.

No. and Name.	Date.	SUBJECT.	Page
1 Mr. Seymour (Tehran) No. 474	1937. Dec. 18	Intelligence Summary ... Transmits copy of Summary No. 25 for the period ending the 18th December	1
2 Mr. Seymour No. 470	Dec. 18	Passports ... Reports Iranian Government's refusal to recog- nise passports for any Arab States on Persian Gulf, and repeated vain attempts to obtain copy of new regulations	3
3 To Mr. Seymour No. 6. Tel.	1938. Jan. 17	Insurance legislation ... Urges representations to Persian Government with a view to obtaining postponement of applica- tion pending consideration of representations	4
4 Mr. Seymour No. 11. Tel.	Jan. 20	Insurance legislation ... Refers to No. 3. Reports that representations have been made, but that Council of Ministers decided against amendment or postponement of the new decree	4
5 Mr. Seymour No. 489 E.	1937. Dec. 31	Economic situation ... Reports on the wheat supply which, though not over-abundant, does not cause the authorities anxiety	5
6 Mr. Seymour No. 491	Dec. 31	Intelligence Summary ... Transmits copy of Summary No. 1 for the period ending the 1st January	5
7 To Sir A. Clark Kerr (Bagdad) No. 11. Tel.	1938. Jan. 28	Shatt-el-Arab Conservancy Convention ... Transmits the views of His Majesty's Govern- ment as to best methods by which some degree in co-ordination of control of the river might be secured	7
8 Mr. Seymour No. 16	Jan. 15	Intelligence Summary ... Transmits copy of Summary No. 2 for the period ending the 15th January	8
9 Mr. Seymour No. 1. Conf.	Jan. 1	Personalities ... Transmits a report on the heads of foreign missions at Tehran for the year 1937	11
10 Mr. Seymour No. 19	Jan. 22	Persian jurisdiction over Bushire ... Refers to Part XLIII, No. 45. Will be guided by despatch under reference: understands that no communication to Iranian Government will be made till case arises	14
11 Mr. Seymour No. 28	Jan. 15	Press campaign ... Reports that a protest has been made against anti-British press campaign as a result of which no further articles have appeared	15
12 Mr. Seymour No. 33	Jan. 29	Intelligence Summary ... Transmits copy of Summary No. 3 for period ending the 29th January	16
13 Mr. Seymour No. 26	Jan. 25	Insurance legislation ... Refers to No. 4. Recapitulates sequence of events as resulting from threat of six insurance companies to depart	17

TABLE OF CONTENTS.

iii

No. and Name.	Date.	SUBJECT.	Page
14 Mr. Seymour No. 29 E. Conf.	1938. Jan. 28	Finance ... Reports request by head of Exchange Control Commission for increase of credits from Imperial Bank and reduction of rate of interest. Describes interview of Imperial Bank manager with Minister of Finance who makes request for similar loan for Persian Treasury	19
15 Mr. Seymour No. 17	Jan. 19	Legislation ... Comments on passing of law setting forth complete reorganisation of administrative system of Iran	20
16 Mr. Seymour No. 40 E. Conf.	Feb. 7	Finance ... Refers to No. 14. Reports renewal of request for credits from Imperial Bank of Iran. Arguments against this, and an advance made to Treasury of £300,000	23
17 Mr. Seymour No. 58	Feb. 12	Intelligence Summary ... Transmits copy of Intelligence Summary No. 4 for the period ending the 12th February	24
18 Mr. Seymour No. 39	Feb. 5	Legislation ... Reports passing of a law concerning agricultural development connected with No. 15 imposing on landholders obligation to develop property	25
19 Mr. Seymour No. 65	Feb. 18	Press ... Describes reactions of Persian and Soviet press to the visit of Herr Baldur von Schirach to Iran	26
20 Mr. Seymour No. 66. Conf.	Feb. 18	Armaments ... Reports that Iranian Government have concluded a contract for purchase of arms from Czecho- slovakia	27
21 Mr. Seymour No. 76	Feb. 26	Intelligence Summary ... Transmits copy of Intelligence Summary No. 5 for the period ending the 26th February	27
22 Mr. Seymour No. 67. Conf.	Feb. 23	Perso-American relations ... Reports various suggested solutions to put an end to the representation deadlock in Tehran and Washington	29
23 Mr. Butler No. 85 E.	Mar. 5	Finance ... Comments on report submitted to general meeting of the Banque Mellié	29
24 Mr. Seymour No. 103	Mar. 12	Intelligence Summary ... Transmits copy of Intelligence Summary No. 6 for the period ending the 12th March	30
25 Mr. Butler No. 93 E.	Mar. 9	Finance ... Comments on the estimates of the budget for the Iranian year 1317	32
26 Sir M. Peterson No. 106 E.	Mar. 22	Air service ... Reports that a weekly air mail service between Tehran, Kermanshah and Bagdad has been inaugurated	33
27 Mr. Butler No. 116	Mar. 25	Kurdish revolt ... Refers to Part XLIII, No. 59. Reports that rebel Bahmai chieftain has surrendered and been shot	33

10131 [18215]

a

TABLE OF CONTENTS.

No. and Name.	Date.	SUBJECT.	Page
28 Mr. Butler ... No. 123	1938. Mar. 26	Intelligence Summary ... Transmits copy of Intelligence Summary No. 7 for the period ending the 26th March	34
29 Mr. Butler ... No. 113	Mar. 24	Railways ... Reports that commencement of work on branch line to connect Semnan with the Trans-Iranian Railway. Understands that the Tehran-Tabriz Railway will be started afterwards	35
30 Mr. Butler ... No. 146	Apr. 9	Intelligence Summary ... Transmits copy of Intelligence Summary No. 8 for the period ending the 9th April	36
31 Mr. Butler ... No. 50. Tel.	May 4	Oil ... Reports that United States Chargé d'Affaires said in strict confidence that United States concessionnaire companies intended to withdraw from Iran	38
32 Mr. Butler ... No. 159	Apr. 22	Personalities ... Transmits copy of the report on personalities in Iran	39
33 Mr. Butler ... No. 150 E.	Apr. 13	Finance ... Refers to No. 25. Summarises supplementary articles to budget law published in the <i>Ittila'at</i> of the 18th March	92
34 Mr. Butler ... No. 160	Apr. 22	Air service ... Reports that the regular weekly service of the Lufthansa between Berlin and Tehran is now definitely established	98
35 Mr. Butler ... No. 177 E.	May 5	Economic situation ... Reviews economic situation with special refer- ence to curtailment of credit and foreign exchange	94
36 Mr. Butler ... No. 178	May 6	Insurance legislation ... Refers to No. 26. Transmits copies of the reply returned by the Iranian Government to represen- tations	94
37 Mr. Butler ... No. 164	Apr. 23	Intelligence Summary ... Transmits copy of Intelligence Summary No. 9 for the period ending the 23rd April	95
38 Mr. Butler ... No. 182	May 7	Intelligence Summary ... Transmits copy of Intelligence Summary No. 10 for the period ending the 7th May	98
39 Mr. Butler ... No. 174 E.	May 2	Trade ... Transmits memorandum on foreign trade of Iran during year June 1936-June 1937	100
40 Mr. Butler ... No. 60. Tel.	May 27	Royal Family ... Reports engagement of Crown Prince to Her Royal Highness Princess Fouzieh of Egypt	104
41 To Mr. Butler ... No. 46. Tel.	June 8	Royal Family ... Authorises oral expression of His Majesty's congratulations on the betrothal	105
42 Mr. Butler ... No. 197	May 19	Soviet-Persian affairs ... Reports expulsion of Persians from Soviet Union, and resultant press reactions	105

TABLE OF CONTENTS.

No. and Name.	Date.	SUBJECT.	Page
43 Mr. Butler ... No. 75. Tel.	1938. June 11	Bahrein ... Reports vigorous protestations regarding treat- ment of Iranian subjects in Bahrein, and requests His Majesty's Government's good offices	106
44 Mr. Butler ... No. 77. Tel.	June 11	Bahrein ... Refers to No. 43. Reports reply made to protes- tations, but assurance was given that His Majesty's Government will use influence in sense of expro- piation	107
45 Mr. Butler ... No. 196 G.	May 19	Railways ... Reports that Iranian Government have placed large order for locomotives for Trans-Iranian Railway with German firms. Reviews railway position generally	107
46 Mr. Butler ... No. 199. Secret	May 20	Soviet-Iranian relations ... Summarises a conversation with "an intelligent Iranian" chiefly about Soviet-Iranian relations	108
47 Mr. Butler ... No. 202	May 21	Intelligence Summary ... Transmits copy of Intelligence Summary No. 11 for the period ending the 21st May	109
48 Mr. Butler ... No. 206 E.	June 2	Finance ... Refers to Nos. 25 and 33. Transmits further details of Bill for railway construction credit	112
49 Mr. Butler ... No. 207 E.	June 2	Trade ... Summarises an article from the <i>Journal de</i> <i>Téhéran</i> on foreign trade with particular reference to invisible exports and imports	118
50 Mr. Butler ... No. 210	June 3	Royal Family ... Refers to No. 40. Discourses on significance of Royal engagement	113
51 Mr. Butler ... No. 212. Secret	June 4	Oil ... Reports that notice of renunciation of Amiranian Oil Company's concession in Iran has been given to Iranian Government	115
52 Mr. Butler ... No. 214	June 4	Intelligence Summary ... Transmits copy of Intelligence Summary No. 12 for the period ending the 4th June	116

SUBJECT INDEX.

[The figures denote the serial numbers of documents.]

AIR.—26, 34.	PASSPORTS.—2.
ARMAMENTS.—20.	PERSIAN JURISDICTION OVER BUSHIRE.—10.
BAHREIN.—43, 44.	PERSO-AMERICAN RELATIONS.—22.
ECONOMIC SITUATION.—5, 35.	PERSO-SOVIET RELATIONS.—42, 46.
FINANCE.—14, 16, 23, 25, 33, 48.	PERSONALITIES.—9, 32.
INSURANCE.—3, 4, 13, 36.	PRESS.—11, 19.
INTELLIGENCE SUMMARY.—1, 6, 8, 12, 17, 21, 24, 28, 30, 37, 38, 47, 52.	RAILWAYS.—29, 45.
KURDISH REVOLT.—27.	ROYAL FAMILY.—40, 41, 50.
LEGISLATION.—15, 18.	SHATT-EL-ARAB CONVENTION.—7.
OIL.—31, 51.	TRADE.—39, 49.

CONFIDENTIAL.

Further Correspondence respecting Persia.

PART XLIV.—JANUARY TO JUNE 1938.

[E 167/167/34]

No. 1.

Mr. Seymour to Mr. Eden.—(Received January 10, 1938.)
(No. 474.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit herewith a copy of Intelligence Summary No. 25 for the period ending the 18th December, 1937, compiled by the military attaché to this Legation.

Tehran, December 18, 1937.

Enclosure in No. 1.

(Secret.)

Intelligence Summary No. 25 for the Period ending December 18, 1937.

1. *Iranian Officials.*

(i) According to a rumour—almost certainly true—Sar Lashgar Ismail Agha, Amir Fazli (P. in I. No. 21), has been dismissed from his post of Minister of War.

(ii) Fathullah Nuri Isfandiari (P. in I. No. 72) has been appointed director of the Government-Controlled Insurance Company.

2. *Afghan Interests.*

(i) His Excellency Sardar Ahmad Ali Khan, the new Afghan Ambassador to Iran, presented his letters of credence on the 6th December.

(ii) His Excellency Abdul Ahad Khan, President of the Afghan Chamber of Deputies, has arrived in Tehran on his return journey from Europe. He was received in audience by His Imperial Majesty the Shah on the 15th December.

3. *Hungarian Interests.*

His Excellency Zoltan de Mariassy, the Hungarian Minister in Angora, who is also accredited to Tehran, presented his letters of credence on the 6th December.

4. *Colleagues.*

Lieutenant-Colonel Rohde, the German military attaché at Angora, who is also accredited to Tehran, arrived in Tehran last week on a flying visit of three or four days. Rumour has given as the reason of his visit the conclusion of a deal in German military aircraft. (See Intelligence Summary No. 24 (current), paragraph 11.)

10131 [18215]

B

5. Civil Administration.

Reference Intelligence Summary No. 24 (current), paragraph 3.

(i) The Ministry of the Interior has been divided into four bureaux as follows:—

- (a) The Central Bureau (personnel, finance, tourists, elections and archives).
- (b) The Inspection Bureau (technical, financial and administrative sections).
- (c) The Municipal Bureau (municipalities).
- (d) The General Administrative Bureau (tribal settlement, civil status, nationality and political affairs).

(ii) In the official text of the new law, the following changes have been made in the nomenclature of officials:—

For "Farmanguzar" read "Bakhshdar."

For "Balukdar" read "Dehdar."

6. Tribal.

Bahmai.—Reference Intelligence Summary No. 24 (current), paragraph 9 (v). There is no change in the situation. The following rumours are reported:—

- (a) That the Bahmai have been joined by a few discontented Bakhtiari and Mamasani.
- (b) That the Government forces number 8,000, out of which 3,000 are from the 6th (Khuzistan) Division.
- (c) That the Bahmai occasionally leave their stronghold on the Kuh-i-Mungasht to raid and carry out night attacks. In one such night attack on a military post, the Government forces are said to have suffered thirty casualties.
- (d) That the commander of the troops contemplates a siege of four months' duration.
- (e) That the military are employing emissaries to penetrate tribal territory and try to undermine the loyalty of the tribesmen to their chiefs by threats and promises.

7. Communications.

(a) *Railways*.—The Iranian Government has bought a number of oil-driven rail auto-cars. An illustration of one of these appeared in the press. The car is said to carry fifty passengers and to be capable of drawing another coach containing forty-five passengers.

(b) *Roads*.—That hardy annual the Bushire-Firuzabad-Shiraz road project has again cropped up. As has been reported so often, 1 million rials have been voted and "work is to start shortly."

8. Wireless Telegraphy.

Reference Intelligence Summary No. 23 (current), paragraph 9 (ii), the wireless station at Kermanshah is worked by military personnel and is, at present, being used exclusively for military purposes.

The transmitters are of medium (600-1,000 metres) wave-length. The reception at the oil-field at Naft Shah was tolerably good and it is thought that the station would be effective up to a radius of 100 miles.

The reception at Abadan was poor, being classified as "strength 3."

9. Industry.

According to fairly reliable reports all is not well with the tobacco monopoly.

Some of the stocks have deteriorated, packing materials are exhausted, spare parts for the machinery are urgently needed and the staff have made complaints about the delay in payment of their salaries.

A later report—little more than a rumour as yet—says that Dr. Friedlieb, the director, has been placed under arrest.

10. Iranian Navy.

(i) The floating dock at Bandar Shahpur is reported to have broken loose from its moorings for the second time. It has been reanchored.

(ii) The sloops *Babr* and *Palang* have been in collision in the Karun. *Palang* came off lightly and is under repair locally. *Babr*, whose stern post was badly buckled above water-level, is under repair by the Anglo-Iranian Oil Company.

11. Iranian Air Force.

Reference Intelligence Summary No. 23 (current), paragraph 11, the missing machine has been found undamaged just inside Soviet territory. The Soviet authorities have notified the Iranian Government and intimated that, while they are prepared to admit an Iranian air force officer to enter Russia and fly the machine back to Iran, they will not hand over the two officers who deserted. These officers, they say, do not wish to return to Iran.

12. Military Publications.

Issue No. 11, Volume I, of the *Piada Nizam* (Infantry Journal) contains nothing of interest to the General Staff.

G. D. PYBUS, *Lieutenant-Colonel,*
Military Attaché.

Tehran, December 18, 1937.

[E 209/209/34]

No. 2.

Mr. Seymour to Mr. Eden.—(Received January 11, 1938.)

(No. 470.)

Sir,

Tehran, December 18, 1937.

I HAVE the honour to inform you that the Iranian Government appear to have decided to refuse to recognise any passport bearing a visa or endorsement for any of the Arab States on the Persian Gulf. It will be remembered that in article 1 of chapter 6 of the Iranian Visa Regulations, a translation of which was enclosed in Sir Hughe Knatchbull-Hugessen's despatch No. 259 of the 13th June, 1935, it is laid down that no visa for Iran may be given on a passport endorsed as valid for, or bearing a visa for, Bahrein. The Iranian Government have in the past applied a similar rule in the case of Koweit. It now seems that this rule has been extended to apply to Muscat and the Trucial Sheikdoms.

2. The first evidence of this decision was received at the beginning of August, when the Political Resident in the Persian Gulf reported that the local authorities had refused an exit visa to an Indian clerk on his staff because his passport bore an endorsement for Muscat. As the clerk was required to proceed immediately to Muscat, a separate passport was issued to him on which an exit visa was obtained. Subsequently His Majesty's consul at Kerman reported that a British Indian trader named Kantar Nagji, resident at Bandar Abbas, was threatened with immediate deportation because he had returned from a visit to India with a passport bearing an endorsement and visa for Debai. Urgent representations were made to the Ministry for Foreign Affairs, pointing out that Kantar Nagji had had no means of knowing that an endorsement for Debai would make his passport objectionable and that it was therefore unfair to penalise him. At the same time, the Ministry for Foreign Affairs were requested to furnish a copy of the new Iranian regulations on the subject. The Ministry for Foreign Affairs were able to arrange for instructions to be sent to Bandar Abbas to allow Kantar Nagji to remain, but he had already been deported to Debai before they were received there. The local authorities, however, agreed to allow him to return.

3. Repeated attempts have been made since the above incident to obtain a copy of the new regulations, and it has been impressed on the Ministry for Foreign Affairs that it is most important that regulations of this type should be published, to avoid the inconvenience and hardship which may result from ignorance of them. No reply of any sort was received until on the 10th December M. Zandjani, at present head of the European Department of the Ministry for Foreign Affairs, informed a member of my staff orally that instructions had, in fact, been issued forbidding Iranian consular officers and all local authorities to recognise passports bearing visas or endorsements for any of the Arab States on the Persian Gulf. M. Zandjani gave no precise information regarding the regulations, but said that the instructions would not be published and that no written reply would be sent to the enquiries made by me on the subject.

4. It is most unsatisfactory that the Iranian Government should thus refuse to publish a new regulation of this type. Their decision to extend the rules applicable to Bahrein and Koweit to all the Arab States seems to raise a

[18215]

B 2

political issue of some importance. I have not made any protest on this point hitherto, because it appeared that the immediate need was to obtain precise information regarding the new regulations. It now seems clear that no further information will be forthcoming.

5. I feel that you may consider it desirable that a protest should be made, and I should be grateful to receive your instructions on this point in due course. I would venture to suggest that in the meantime all British authorities concerned might be warned of the new position and might be informed that the arrangements made in Sir R. Vansittart's circular despatch to His Majesty's consular officers of the 16th August, 1934, should until further notice be extended to endorsements and visas for Muscat and the Trucial Sheikdoms.

6. I am sending copies of this despatch to the Secretary to the Government of India in the External Affairs Department, No. 234, to His Majesty's Ambassador at Bagdad, No. 88, and to all His Majesty's consular officers in Iran, circular despatch No. 39.

I have, &c.
H. J. SEYMOUR.

[E 295/62/34]

No. 3.

Mr. Eden to Mr. Seymour (Tehran).

(No. 6.)

(Telegraphic.) R.

Foreign Office, January 17, 1938.

YOUR telegram No. 6 of 13th January: Persian insurance legislation.

Notwithstanding entry into force of Insurance Decree No. 1125, please make urgent representations to Persian Government regarding article 8 of decree, basing objections on arguments set out in paragraphs 4-9 of Fire Offices Committee's memorandum enclosed in Eastern Department's letter of 5th January.

2. In addition, you should make it clear that application of articles 2, 3 and 4 of decree will prevent members of Lloyd's from transacting insurance business in Persia, and so raise the cost of insurance. Copies of a letter elaborating this point are being sent by air mail.

3. Please endeavour to obtain postponement of application of new regulations pending consideration of your representations and receipt of further information about position of Lloyd's.

[E 403/62/34]

No. 4.

Mr. Seymour to Mr. Eden.—(Received January 21.)

(No. 11.)

(Telegraphic.) R.

Tehran, January 20, 1938.

YOUR telegram No. 6.

In the absence of the Minister for Foreign Affairs, I made urgent representations to Director-General of Ministry on 19th January and left a memorandum embodying the main arguments as set out in memorandum prepared by Fire Offices Committee. I considered it advisable to make verbally the point about the risks to Iran company of taking compulsory reinsurance and explained that this was an important factor which should be borne in mind. Director-General was non-committal and said that he would enquire at once whether anything could be done and whether application of regulations could be postponed. I also instructed the commercial secretary to see Minister of Commerce. Interview took place to-day, when the Minister explained the whole position had been again reviewed last night at Council of Ministers, who unanimously decided that new decree, which was now in force, would not be amended or its application postponed. Minister added that Persians had been far more lenient than Turks, who required 75 per cent. reinsurance, and expressed the hope that British insurance companies will resume operations in Iran in due course.

2. As a matter of fact, companies had received on 18th January letter from Ministry of Commerce saying that Iranian decision would be maintained. Only companies remaining are one German, one Russian and Palestine Lloyd. Position of Royal still uncertain. Despatch follows.

[E 430/130/34]

No. 5.

Mr. Seymour to Mr. Eden.—(Received January 24, 1938.)

(No. 489 E.)

Sir,

Tehran, December 31, 1937.

WITH reference to my despatch No. 366 E. of the 22nd September last, I have the honour to inform you that, though the wheat harvest was bad except in Azerbaijan, and though the excessive exports during 1937 gave rise to a fear of a bad shortage this winter, the situation does not at present appear to be causing great anxiety to the authorities.

2. Reports in the local press have naturally been optimistic, though at the same time mention was made of "temporary" difficulties in respect of wheat and bread in some of the provinces, principally in East Iran. Reports from His Majesty's Consul-General confirm that grain was scarce in Khorassan and Sistan. The harvest was particularly bad in Fars. Owing to lack of rain, sowing has been delayed over a large part of the province, and fears have been expressed that the peasants will eat their seed supply. Supplies of wheat from Zendjan and Azerbaijan have been transferred to Tehran, and I understand that distribution to Khorassan and the north-eastern districts has been effected from these supplies, as well as from Astara by Caspian Sea shipping. The population of Tabriz is reported to have been alarmed by the heavy shipments from that town to Tehran.

3. About a month ago it was difficult to buy good white flour in Tehran, and the quality of one's daily bread distinctly deteriorated, whilst the local brown bread ("sangak") of better quality was sold by the piece, instead of by weight, at a price of about 2½d. per lb., as compared with the normal price of about 1-15d. per lb. A report from Yezd, furnished by His Majesty's Consul at Shiraz on the 5th October last, states that bread at Yezd was of poor quality and scarce, and fear was expressed that, unless rain fell this autumn, famine conditions would prevail; donkeys and pack animals were being killed off in order to avoid the expense of feeding them. Little mention of the shortage of wheat has been made recently in reports from other provinces, and the situation in Tehran has since improved. The improvement is, according to Mr. Kai Ostovan, of the Ministry for Foreign Affairs, due to the measures taken by the authorities with regard to wheat hoarded by speculators.

4. It is, of course, impossible to obtain details of stocks; it is possible that the not over-abundant supplies available may have been carefully distributed to the distressed areas, the hitherto mild winter offering little difficulty with respect to transport.

5. I am sending copies of this despatch to the Department of Overseas Trade, unnumbered, and to His Majesty's consular representatives at Ahwaz, No. 69; Kermanshah, No. 41; Tabriz, No. 21; Shiraz, No. 42; and Khorassan, No. 89.

I have, &c.

H. J. SEYMOUR.

[E 432/167/34]

No. 6.

Mr. Seymour to Mr. Eden.—(Received January 24, 1938.)

(No. 491.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 1 for the period ending the 1st January, compiled by the military attaché to this Legation.

Tehran, December 31, 1937.

[18215]

Enclosure in No. 6.

(Secret.)

*Intelligence Summary No. 1 for the Period ending January 1, 1938.*1. *Treaties.*

A TREATY of friendship and arbitration between Iran and Hungary was signed on the 18th December. Letters regarding the commercial relations between the two countries were also exchanged.

2. *Civil Administration.*

Reference Intelligence Summary No. 24 of 1937, paragraph 3. After having announced in the press the names of four of the six officials appointed as "Astandars," the Iranian Government has accepted certain amendments made to the Bill by a select committee of the Majlis. It is now stated that there will be ten "Astans" and not six.

3. *Communications.*

(a) *Telegraphs.*—A line from Maimuniye (9.I. Square C.3) to Saveh (9.I. Square B.4) is under construction. The service road for the railway runs through these two places.

(b) *Roads.*—Some improvement is to be made to the following roads:—

Vakilabad to Bam and Kerman (Routes 2 and 125).

Vakilabad to Khwash and Zahidan (Routes 5 and 9).

Vakilabad to Chahbar (Routes 6 and 3).

(c) *Railways.*—(i) An employee of the German firm of Sofitec, which built the Tehran railway station (for which payment is still due) and which is now working on the Bandar Shahpur harbour and the Pahlavi slipway, supplied the following notes on the alignment of the proposed Tehran-Tabriz Railway. From Tehran via Kazvin to Zinjan is a level and easy stretch. Thence the line will branch southwards to avoid the high mountains and work up towards Mehabad (Sujbulak), and thence to Tabriz via Maragheh. From Tabriz the Julfa line will be used, either up to Sufian and along the branch line to Sharafkhaneh at the north end of Lake Urumiye, or else as far as Marand, and thence due west to Qotur on the Turco-Iranian frontier.

(ii) On the southern section of the Trans-Iranian Railway trains are running from Bandar Shahpur to Talaranj (Kilometre 337).

4. *Tribal.*

Reference Intelligence Summary No. 25 of 1937, paragraph 6. There is nothing further to report.

5. *Amiranian Oil Company.*

The survey of this company in the Tabas area is rumoured to have been disappointing. Of the results of their survey in the Gorgan area little is known. The general impression gathered is that the company's chief interest is in Afghanistan rather than in Iran.

6. *Travellers—Officers.*

Lieutenant H. M. Siddiq Choudri of the Royal Indian navy has arrived in Tehran en route to India, on expiry of leave in the United Kingdom.

7. *Iranian Army.*

According to a consular report from East Iran, Sartip Tajbaksh, the Governor-General of Mekran, has been summoned to Tehran. According to him he is likely to be offered a high military appointment. (The post of Minister of War is still vacant.) According to other local rumours, he has been summoned to confer with the Iranian Government regarding the proposed military action against the Ismailzais.

8. *The Press.*

The only so-called "insult to Iran" in the foreign press to cause comment in the Iranian papers of the past fortnight has been an article in the *Izvestiya* of the 11th December, in which unfavourable notice was taken of the warm reception given to Von Schirach and the members of the German Youth League. This was denounced by the *Izvestiya* as a piece of Nazi propaganda, and as hotly defended by the Iranian press as a natural act of hospitality.

9. *Iranian Officials.*

Abbas Quli Gharib, Mutarjim-ul-Mamalik (P. in I., No. 70 (ii)), Director of the Press and Translation Department of the Ministry for Foreign Affairs, has been appointed Iranian consul-general in Turkey in place of Farrukh Braghon (P. in I., No. 49), deceased.

G. D. PYBUS, Lieutenant-Colonel,
Military Attaché.

Tehran, January 1, 1938.

[E 469/127/34]

No. 7.

Mr. Eden to Sir A. Clark Kerr (Bagdad).

(No. 11.)

(Telegraphic.)

Foreign Office, January 28, 1938.

YOUR letter to Mr Rendel of 4th January: Shatt-el-Arab Conservancy Convention.

Following are views of His Majesty's Government:—

2. In view of the serious political objections to non-ratification of the Frontier Treaty, His Majesty's Government do not wish to advise Iraqi Government to withhold ratification.

3. They are, however, impressed by danger of divided control of Shatt-el-Arab, and consider that it would be unsafe to accept situation, which might eventually mean that each party would administer its own portion of the river without any arrangement at all for co-ordination.

4. Most satisfactory procedure would be that before ratification Persian Government should give written assurance that present conservancy and navigation arrangements in Shatt-el-Arab should be maintained indefinitely in absence of conclusion of conservancy convention (by some such method as that referred to in paragraph 1 of your telegram No. 2, Saving, of 3rd January).

5. Failing this written assurance, Iraqi Government could point out that it is naturally necessary to take account of position which would arise if Persian Government were sooner or later, in absence of mutual agreement upon a conservancy convention, to exercise what would be their undoubted legal right of declining to continue yearly renewal of *status quo* (see paragraph 3 of your telegram No. 124, Saving, of 18th November, 1937), and that they therefore feel justified in asking for written assurance that in that event there should automatically be instituted some method for co-ordinating work in respect of conservancy and navigation in Iraqi and Persian waters.

6. Best method of achieving this co-ordination would be establishment of an independent advisory board containing a third representative (whom His Majesty's Government would expect to be British) with the duty of co-ordinating activities of Iraqi and Persian conservancy and navigation authorities carrying out actual administration in their own waters, and with powers to give a decision binding on both parties in the event of a dispute.

7. Another method representing minimum degree of co-ordination which His Majesty's Government would regard as safe for Iraq to accept would be undertakings given by Persian and Iraqi Governments to cover at least following points: (a) that neither would introduce any navigational rules in their own waters which are in conflict with those obtaining in the remainder of the river; and (b) that each would consult the other before initiating any engineering works in the river which might adversely affect the other.

8. It is much to be hoped that, if arrangement referred to in paragraph 6 cannot be achieved at once, any less satisfactory arrangement such as referred

[18215]

B 4

to in paragraph 7 may form a nucleus which would develop into regular consultative and co-ordinating machinery as the practical necessity for such machinery became evident.

9. Advice of His Majesty's Government is, therefore, that, while not refusing to ratify, Iraqi Government should follow up their present representations to the Persian Government (your telegram No. 2, Saving, of 3rd January) in order to secure, if not undertaking as in paragraph 4, at least some degree of co-ordination which could be regarded as removing worst danger of divided control.

10. Please communicate foregoing to the Iraqi Government.

Please copy to Tehran.

[E 672/167/34]

No. 8.

Mr. Seymour to Mr. Eden.—(Received February 4.)

(No. 16.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit herewith copy of Intelligence Summary No. 2 for the period ending the 15th January, 1938, compiled by the military attaché to this Legation.

Tehran, January 15, 1938.

Enclosure in No. 8.

(Secret.)

Intelligence Summary No. 2 for the Period ending January 15, 1938.

1. Iranian Officials.

(i) Mustafa Adl, Mansur-us-Saltaneh, Under-Secretary for Foreign Affairs, left Tehran on the 2nd January to attend the League of Nations Assembly as Iran's representative. He had previously represented his country at Geneva while Iranian Minister in Berne.

(ii) No appointment as Minister of War in succession to Sar Lashgar Amir Fazli has been announced officially. Sartip Ahmad Nakhechevan is officiating.

2. Obituary.

Prince Firuz, Nusrat-ud-Dowleh, G.C.M.G. (P. in L. No. 67).

The actual date and cause of his death are not known. He has never appeared in public since his fall in 1929 and has remained either in prison or under police surveillance. About a year ago it was rumoured that he had been banished to Semnan.

3. Civil Administration.

Reference Intelligence Summary No. 24 of 1937, paragraph 3. The law relating to the redivision of the administrative divisions has passed its second reading. The amended list is as follows:—

"Astan" No. 1, comprising the following "Shahristan": Zinjan, Qazvin, Saveh, Iraq, Resht, Shahsowar.

"Astan" No. 2, comprising the following "Shahristan": Qum, Kashan, Tehran, Semnan, Sari, Gorgan.

"Astan" No. 3, comprising the following "Shahristan": Khoi, Rezaieh, Mahabad, Maragheh, Bijar.

"Astan" No. 4, comprising the following "Shahristan": Tabriz, Ardebil.

"Astan" No. 5, comprising the following "Shahristan": Eilam, Shahabad, Kermanshah, Senneh, Malayir, Hamadan.

"Astan" No. 6, comprising the following "Shahristan": Khurramabad, Gulpaigan, Ahwaz, Khurramshahr.

"Astan" No. 7, comprising the following "Shahristan": Behbahan, Shiraz, Bushire, Fasa, Abadeh, Lar.

"Astan" No. 8, comprising the following "Shahristan": Kerman, Bam, Bandar Abbas, Khwash, Zabol.

"Astan" No. 9, comprising the following "Shahristan": Birjand, Turbat-i-Haidari, Meshed, Quchan, Bujnurd, Khanabad, Sabzevar.

"Astan" No. 10, comprising the following "Shahristan": Isfahan, Yezd.

Islands will be treated as part of the Shahristan off the coast of which they lie.

4. Changes in Place Names.

The following changes in the names of railway stations have been officially announced:—

Station No.	Old Name.	New Name.	Remarks.
(6) North ...	Ashraf...	Behshahr ...	Between Bandar Shah and Tehran.
(18) " ...	Abbasabad ...	Varsak ...	
(24) " ...	Mohsinabad ...	Simenddasht ...	
(29) " ...	Qaleh Buland ...	Abrdaz ...	
(30) " ...	Imamzadeh Jaafar ...	Pishwa ...	
(32) " ...	Talibabad ...	Bahram ...	Between Tehran and Bandar Shahpur.
(2) South ...	Tappeh Saif ...	Tappeh Safid ...	
(3) " ...	Qasimabad ...	Airin ...	
(4) " ...	Robat Kerim ...	Shahryar ...	
(6) " ...	Rahimabad ...	Parandak ...	
(7) " ...	Najafabad ...	Nahid ...	
(10) " ...	Ahmadabad ...	Naudaz ...	
(14) " ...	Qaziabad ...	Bagh Yak ...	
(18) " ...	Ibrahimabad ...	Mushkabad ...	
(21) " ...	Idrisabad ...	Shazand ...	
(27) " ...	Hasmatabad ...	Rudak ...	
(41) " ...	Salihabad ...	Andimashak ...	
(48) " ...	Qaleh Surkh ...	Bamdizh ...	

5. Legislation.

A decree concerning clubs by the Council of Ministers dated the 27th December is published. It lays down rules for their registration, membership and objects.

6. Agriculture.

According to a decree of the Council of Ministers, the cultivation of all forms of tobacco in the Isfahan district is forbidden.

7. Communications.

(A) *Railways.*—The section Tehran-Qum has been handed over for exploitation by Kampsax to the Iranian Government. Motor railcars are now running on this section.

(B) *Frontier Posts.*—In 1936 it was reported that a bridge over the Aras River at Arablar (degree sheet 1 E, square 3 A) was being constructed by joint Soviet and Iranian enterprise. More recently it has been announced that the Iranian Government intend to develop this post by the construction of a governor's residence, a customs house and frontier post and by improving the 35 miles of road connecting Arablar with Maku.

(C) *Roads.*—Plans are being made to construct a new road between Deh Luran in Pusht-i-Kuh (degree sheet 2 P, square 2 B) and Dizful.

8. Security.

A serious hold-up involving ten tank lorries and trucks took place recently at the Bid-i-Surkh Pass, 40 miles east of Kermanshah. The drivers and passengers are reported to have been robbed of everything they possessed and the brigands' haul is estimated at 20,000 rials (£250). The robbers escaped before the gendarmerie discovered what had happened.

9. Tribal.

Reference Intelligence Summary No. 24 of 1937, paragraph 9 (vi). There are no major developments to report, but from a consular source come some very interesting comments on the campaign. These may be summarised as follows:—

- (i) The medical and supply services have failed badly. The troops in the Mungasht area have been badly fed and clothed and dysentery has inflicted more casualties than the enemy has.
- (ii) The Shah is impatient at the delay in concluding the operations and also at their cost, which is said to be 100,000 rials (£1,250) per month.
- (iii) The decision to withdraw the bulk of the Ahwaz brigade and to leave a force of 600 men to contain the enemy in the Mungasht area has been cancelled.
- (iv) The Bahmai leader has organised a mobile striking force of 400 riflemen. This force is said to have received reinforcements of fifty men each from the Mombay and Chaharlang Bakhtiari. It is intended to use this force to carry out replenishing raids on caravans and vulnerable villages. One such raid was recently made on a sugar and tea caravan near Mamatain, which is situated about 20 miles south-east of Haft Khel oil-field.

10. Civil Aviation.

(i) The Bagdad paper *Al Alam-ul-Arabi*, in announcing the inauguration of the Tehran-Kermanshah air mail service, stated (correctly) that the machines were British and (incorrectly) that they were flown by "experienced British pilots."

A *démenti* appeared in the Iranian press stating that both machines and pilots were "exclusively Iranian."

(ii) *The Kermanshah Aerodrome*.—A Kermanshah consular report states that work on the local military aerodrome has been actively carried on and considerable quantities of stone for the landing ground's foundations have been laid during the past two months. A steam-roller (lent by the Kermanshah Petroleum Company) has done invaluable service in the laying of the above-mentioned foundations and more than half of the area to be metalled has been dealt with. The aerodrome, used hitherto only rarely by occasional machines, has during the past month been the scene of an unwonted activity owing to the arrival and departure, on Tuesday, every week, of the aeroplane conveying air mails between Tehran and Kermanshah and *vice versa*. Although the air mail is very little patronised by the public as yet, it seems pretty certain that the new service will continue to function and rumours of the forthcoming extension of the air-mail service to Bagdad are very common here, though no official confirmation on this point has been received.

11. Iranian Army.

(i) *Conscription*.—A decree has been published summoning in the next Iranian year (1317) for their 1st Reserve training those born in 1284 and called up for military training in 1304. Owing to the difficulty experienced in training conscripts with the limited number of instructors available, the Ministry of War has, since the inception of compulsory military service in 1304, concentrated on this and has not felt itself equal to coping with reservist training in addition. The liability for military service of an Iranian subject is twenty-five years commencing in his twenty-first year. This period is divided as follows:—

- (a) Two years with the colours.
- (b) Four years with the 1st Reserve ("Ihtiyat") in the last of which he undergoes one month's training.
- (c) Thirteen years with the 2nd Reserve ("Zakhireh-i-Muqaddam") during which he undergoes one month every two years.
- (d) Six years with the 3rd Reserve ("Zakhireh-i-Tali") during which he undergoes one month every three years.

As the reservist training for which reservists are now being called up is their first (in this particular case the training which should have been carried out in 1310) it will be realised what a lot of leeway the Ministry of War has to make

up, and it may well happen that no effort will be made to carry out the 2nd and 3rd Reserve periods of training for many years to come.

(ii) Following on the regrouping of the civil divisions of the country, a rumour is reported from Kermanshah to the effect that that town is to become the headquarters of the 5th "Astan." A natural corollary is the rumour that the Kermanshah brigade is to be increased to a division.

This is not very probable as Kermanshah lies too far south to dominate Kurdish tribal areas (as Senneh does) and too far north to command Luristan (as Burujird does).

12. Iranian Air Force.

(i) Reference Intelligence Summary No. 23 of 1937, paragraph 11. The Iranian Air Force pilot who went across the Soviet border to fly the machine back to Iran has returned empty-handed. The Soviet authorities have refused him permission to fly the machine. He can, they say, dismantle it, pack it and cart it away, but they will not permit it to be flown across the border.

(ii) One of the new "Tiger Moths," which had been constructed and assembled at Doshan Teppah aerodrome, was crashed when undergoing its first test.

13. The Press.

(i) The Iranian press has been officially roused to fury over some passages deemed insulting to Iran and to His Imperial Majesty the Shah which, according to a London correspondent, appeared recently in an English paper. The press awaits the arrival of the offending articles before returning to the attack.

(ii) The Soviet Government has also been pilloried on account of holding up in Baku rails required for the Transiranian Railway.

G. D. PYBUS, *Lieutenant-Colonel,*
Military Attaché.

Tehran, January 15, 1938.

[E 666/425/34]

No. 9.

Mr. Seymour to Mr. Eden.—(Received February 4.)

(No. 1. Confidential.)

Sir,

Tehran, January 1, 1938.

I HAVE the honour to transmit to you herewith a report on the heads of foreign missions at Tehran for the year 1937.

I have, &c.

H. J. SEYMOUR.

Enclosure in No. 9.

Report on Heads of Foreign Missions at Tehran.

[Passages marked with an asterisk are reproduced unchanged from last report.]

Afghanistan (Ambassador): Sardar Ahmad Ali Khan (December 6, 1937).

Was Minister in London from 1931 to 1933. A friendly colleague of no great intelligence. Married, but his wife has not yet come to Tehran.

Belgium (Minister): M. Egbert Graeffe (January 17, 1937).

M. Graeffe is somewhat of a specialist in commercial and financial affairs, with which, I gather, he dealt while employed in Berlin before his appointment to Tehran. He has a considerable amount of energy and determination, and is outspoken in his discussions with the Iranian Government. I have never heard him admit ignorance of any subject, official or unofficial, and his claims to omniscience are apt to make people underrate his ability. Both he and his wife speak excellent English.

Czechoslovakia (Chargé d'Affaires): Dr. Vladimir Fric (March 5, 1934).

Dr. Fric is in no way a striking personality, but is, I should say, thoroughly sensible. Czechoslovakia has a valuable trade in war material and other heavy industrial products, machinery, &c., and there appears to have been no serious difficulties up to date in connexion with this business.

Dr. Fric and his wife both speak some English.

Denmark (Chargé d'Affaires): M. E. Blechingberg.

The Danish Minister, M. Ove Engell, resides in Stockholm, and M. Blechingberg was appointed to Tehran in 1933 owing to the large Danish interest in the construction of the railway. He is an admirable official, well informed and patient in his negotiations with the Iranian authorities. Unmarried; speaks excellent English.

**Egypt* (Minister): M. Abdel Rahman Azzam Bey (September 19, 1936). Also accredited to Bagdad and Kabul.

Azzam Bey strikes me as the most interesting and original of the diplomats in Tehran. He is 43 years old. As a young man he was an ardent supporter of Zaghlul Pasha and has been a Wafdist Deputy. He took part in the fighting against the Italians in Tripolitania, and, though never captured, was sentenced to death by the Italian Government. This sentence was cancelled on his appointment to Tehran. He speaks fluent English. He seems disappointed at what he has so far seen of this country, and is rather fond of expatiating on the theory that all the numerous civilisations of Persia have been purely imitative.

His relations with this Legation are very friendly, and he is a cordial supporter of the Anglo-Egyptian Treaty.

He is married to an attractive lady who has, however, been little in Tehran so far.

Azzam Bey is a man who seems to be well qualified to play an important part in Egypt. (Written in 1936.)

He has been absent from Tehran for practically the whole of 1937 and is still away. The Legation has been in charge of a series of Chargés d'Affaires.

France (Minister): M. Albert Bodard (June 2, 1937).

M. Bodard, who was previously at Addis Ababa, arrived here at a somewhat awkward moment in Franco-Iranian relations, the French being in disgrace locally owing to articles in the French press. The visit to Tehran of Senator Honorat improved matters, and M. Bodard has worked energetically in the same direction, though I do not think that he takes any great interest in Persian affairs in general. M. Bodard went on leave at the beginning of December, and it will certainly not be his own fault if he returns. A few days after his departure the Tehran press published further rebukes to the French press, so that it remains to be seen whether his efforts to improve relations have borne fruit.

I have found him a very friendly colleague.

Germany (Minister): Dr. Hans Smend (July 30, 1935).

Dr. Smend has an excessively "diplomatic" veneer; his enthusiasm for all things Persian appears unbounded. Under his protective manner he conceals a good intelligence, and some at least of the credit for the progress in German trade relations with Iran must go to him. Married; but Mme. Smend stands the climate badly and is often away.

The German Legation is now being rebuilt and enlarged.

Iraq (Minister): Khalid Beg Suleyman (April 23, 1935).

A brother of Hikmat Beg Suleyman, Prime Minister of Iraq in 1936-37, and of the late Murad Beg and Shaukat Pasha. He is on very close terms with this Legation, and is a strong adherent of the policy of alliance with the United Kingdom. His utility here is reduced by the fact that his Government keeps him very badly informed of any negotiations between themselves and the Iranian Government. His health has lately not been very satisfactory, and he would like a transfer to a less exacting post. He is generally liked in Tehran, and it is useful to have here so staunch a supporter of the British connexion.

Italy (Minister): M. Luigi Petrucci (June 2, 1937).

M. Petrucci was in Ottawa, as consul-general and Minister, for over four years before his appointment to Tehran. He says that he is regarded in Rome as being unduly pro-British. This may be the case, but in any event I should doubt whether his views are likely to carry much weight. His main object at present, I should say, is to secure a transfer to another post as soon as possible; he consoles himself by spending much of his time travelling and shooting.

Speaks some English; his daughter acts as his hostess and speaks perfect English.

Japan (Minister): Mr. Shoichi Nakayama (October 19, 1937).

Has served both in London and the United States and speaks good English. On so short an acquaintance I can express no opinion on his views and abilities, but he seems very friendly personally. Being unable to speak French or play bridge, he is not very happy at Tehran. His work here is, I believe, mainly in connexion with the troubles of Japanese merchants dealing with Persia.

Yugoslavia (Chargé d'Affaires): M. Sava Spasojevic (October 12, 1937).

Yugoslavia has not previously been represented at Tehran, and M. Spasojevic's appointment is due to the employment of considerable numbers of Yugoslavs on the railway and by the Skoda interests. I have not yet had an opportunity of seeing much of him, but he seems pleasant and intelligent.

Netherlands (Minister): M. P. A. van Buttingha Wichers (December 31, 1935).

Served here previously as Chargé d'Affaires, and is somewhat jaded as the result of prolonged residence in Tehran. He takes a cynical view of local events. Married; his wife is half Australian.

Poland (Minister): M. Stanislas Hempel (December 18, 1928).

M. Hempel appears to be the one permanent feature of the local Diplomatic Corps, though he seems qualified for a better fate. He has, or had, a large acquaintance amongst Persians, dating from the time when social relations were not so restricted as they are now. He is well-informed and a good judge of Persian affairs. Married; speaks hardly any English.

Roumania (Chargé d'Affaires): M. Michel Blenche (July 1, 1936).

M. Constantinesco, the Minister, after a year's absence, has now, I understand, succeeded in getting himself transferred to some other post. The Legation remains in charge of M. Michel Blenche, a pleasant little man, who has little to do and does it in a generally acceptable way.

Sweden (Minister): M. Hugo von Heidenstam (October 27, 1936).

Also accredited to Bagdad. Has been chief engineer to the Chinese Government for the river and port of Shanghai. An agreeable and sensible man, without any pronounced political views. He and his wife both speak excellent English.

Switzerland (Chargé d'Affaires): Dr. Armin Daeniker (June 6, 1936).

A sound and sensible official. Plays no great part in Tehran life. Unmarried.

Turkey (Ambassador): M. Mehmet Enis Akaygen (August 14, 1934).

Doyen of the Diplomatic Corps. The improvement of Turco-Iranian relations has coincided with M. Akaygen's tenure of his post, and he has an excellent position in Tehran, where he is both respected and liked. I believe it was intended that he should leave Tehran to take up the post of secretary-general of the Ministry for Foreign Affairs at Angora, but the proposal was abandoned, or at any rate postponed, owing to the Shah's wish that the Ambassador should remain here. The Turkish Embassy is being replaced by a large building in modern style.

United States of America (Chargé d'Affaires): Mr. Cornelius van H. Engert (May 26, 1937).

Mr. Engert is a professional diplomat of some seniority. When he arrived the relations between the United States of America and Iran were still suffering from an incident in which the Iranian Minister at Washington had been involved in 1935, and the Iranians had not only closed their Legation in Washington but had boycotted all American publications. American newspapers and magazines

are now again admitted, but there has so far been no indication of any intention to appoint a Minister to Washington. I gather that the United States Government may not be content to allow this situation to continue indefinitely.

Mr. Engert has previously served in Iran and is a capable and very friendly colleague. His wife's health seems unequal to the climate, and I fear his residence here may not be very long. I should much regret his departure.

U.S.S.R. (Ambassador): M. Alexi Tchernikh (May 21, 1935).

M. Tchernikh is a semi-invalid, of whom little is seen. Now undergoing a cure in Russia, from which it is rumoured that he may not return. He can only speak the most inadequate French, and I think no other foreign language, so that it is difficult for a non-Russian speaker to get much forrader with him. Personally I have always found M. Tchernikh and his wife most friendly.

Vatican (Apostolic Delegate): M. A. Marina (October 29, 1936).

The position of the Apostolic Delegate is rather anomalous. His diplomatic status is not fully recognised by the Iranian Government; and his name is not included in the diplomatic list. He is, however, invited by the Iranian authorities to gatherings attended by "chefs de missions." Mgr. Marina appears to be mainly interested in the religious and charitable side of his functions. He has a friendly and sympathetic character.

MINISTERS RESIDENT ELSEWHERE.

Austria (Minister): M. Charles Buchberger (November 6, 1934).
Resides at Angora. Last visited Tehran in 1934.

Denmark (Minister): M. Ove Engell (February 1933).
Resides in Stockholm. Visited Tehran in February and March 1937.

Finland (Minister): M. le Baron Aaron Yrjo-Koskinen (November 6, 1934).
Resides in Moscow. Spent about a month in Tehran in the autumn of 1937, but was ill for a large part of his stay.

Hungary (Minister): Zoltan de Mariassy (December 6, 1937).
Resides at Angora. He is the first Hungarian Minister to be accredited here, and signed a treaty of friendship and a commercial agreement with Iran during a short visit for the purpose of presenting his credentials.

Lithuania (Minister): M. Jurgis Baltrusaitis (May 20, 1933).
Resides in Moscow.

Norway (Minister): M. le Dr. Tostrup Urbye, G.B.E. (April 27, 1936).
Resides in Moscow. Last visited Tehran in the spring of 1936.

[E 962/962/34]

No. 10.

Mr. Seymour to Mr. Eden.—(Received February 21.)

(No. 19.)

Sir,

Tehran, January 22, 1938.

WITH reference to your despatch No. 389 of the 18th October, 1937, I have the honour to state that I have been informed by the Hon. the Political Resident in the Persian Gulf that he concurs in the views expressed in my despatch to him No. 102 of the 17th November, a copy of which was enclosed in my despatch No. 429 of the same date, regarding Iranian jurisdiction over the outer anchorage at Bushire.

2. Subject, therefore, to your further instructions, I will in future be guided by paragraphs 3 to 5 of your despatch under reference. It will be understood that no communication will be made to the Iranian Government until a concrete case arises, and that as soon as one does arise, His Majesty's Legation should be

informed by telegraph, in order that the necessary communication to the Iranian Government may be made. This communication should include a definition of the outer anchorage as suggested in paragraph 4 of your despatch.

3. I am sending copies of this despatch to the Secretary to the Government of India in the External Affairs Department, No. 9, and to the Hon. the Political Resident at Bushire, No. 5.

I have, &c.

H. J. SEYMOUR.

[E 966/49/34]

No. 11.

Mr. Seymour to Mr. Eden.—(Received February 21.)

(No. 28.)

Sir,

Tehran, January 27, 1938.

WITH reference to my despatch No. 15 of the 15th January, I have the honour to inform you that on the 19th January, having occasion to see M. Mohsen Rais, Director-General at the Ministry for Foreign Affairs, on other matters, I took the opportunity at the end of the interview to speak to him about the recent press campaign against the United Kingdom.

2. I said that I admitted that provocation had been given, but the articles at fault were very often, if not generally, the production of gossip writers, and were also often in very obscure papers. There had been nothing in the English press comparable in violence to the articles which had been published here. It was also necessary to remember that the articles in England were published without the consent of the authorities, who had no power to stop them. Here, on the other hand, an article attacking a foreign State would necessarily be interpreted in many quarters as representing the views of the Government. While, therefore, a press reply to a press attack was understandable, it produced a very unfortunate impression if repeated and very violent attacks were made.

3. M. Rais admitted that the whole affair was indeed unfortunate, but criticisms on the policy of a country were one thing and could be dealt with without ill-feeling; personal attacks and malicious articles about the head of the State were another, and produced great irritation and the present violent reaction. He agreed with me, however, in hoping that there would now be a period of calm in the press.

4. No further articles directly attacking the British press or His Majesty's Government in the United Kingdom have appeared during the last fortnight, and the campaign with which the year opened has apparently now ceased, or at any rate been suspended. It should, however, be mentioned that on the 25th January the *Iran* published an article, a translation of which subsequently appeared in the *Journal de Téhéran*, criticising an article on Bahrein which appeared in the October issue of the *World Petroleum Magazine* of New York. The article, which is headed: "Sir Ahmed-bin-Issa?" ridicules the title of "Sir" borne by his Highness the Sheikh of Bahrein, and contains several hostile references to His Majesty's Government as "tyrannical elements" and "oppressors," who have robbed Iran in the name of democracy, setting up in Bahrein a puppet Government and a cardboard sheikh. It is perhaps also worth noting that the Iranian press has recently published a number of articles on the situation in Palestine, the tone of which has been distinctly pro-Arab. This is a new tendency, for the Iranian press has in recent years shown little interest in Palestine or sympathy with the Arabs.

5. I am sending copies of this despatch to the Secretary to the Government of India in the External Affairs Department, No. 14, and to the Honourable the Political Resident in the Persian Gulf, No. 6.

I have, &c.

H. J. SEYMOUR.

[E 969/167/34]

No. 12.

Mr. Seymour to Mr. Eden.—(Received February 21.)

(No. 33.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 3 for the period ending the 29th January, compiled by the military attaché to this Embassy.

Tehran, January 29, 1938.

Enclosure in No. 12.

(Secret.)

*Intelligence Summary No. 3 for the Period ending January 29, 1938.*1. *Iranian Officials.*

(i) General Hushmand, Director of Registration and Civil Status, and Dr. Husain Bahrami, Ahya-us-Saltaneh (Military Attaché's Personalities, No. 42 (i), and Foreign Office Personalities, No. 48), acting chief of the Tehran municipality, have exchanged appointments.

(ii) Jawad Ameri (Military Attaché's Personalities, No. 18 (i), and Foreign Office Personalities, No. 13), Director-General of the Ministry of Justice, has been appointed Director of the Department of Jurisprudence in the Ministry for Foreign Affairs.

(iii) Shayesteh (Military Attaché's Personalities, No. 202, and Foreign Office Personalities, No. 190) has been appointed Director of the Department of Information and Translation in the Ministry for Foreign Affairs.

2. *Trade.*

Two commercial firms, the Société irano-tchécoslovaque and the Société anonyme Kala-Iran, have agreed to exhibit Iranian goods at the forthcoming International Fair at Prague.

3. *Industry.*

Reference Intelligence Summary No. 25 of 1937, paragraph 9, the committee of enquiry appointed to investigate the affairs of the tobacco factory has found nothing which reflects against the honesty or efficiency of Dr. Friedlieb. He has been granted two months' sick leave, during which period he is to visit Scandinavia with samples of Iranian tobacco. It is rumoured that some of the British and German factory foremen are to receive notice shortly.

4. *Banks.*

The name of the Bank-i-Pahlevi has been changed to Bank-i-Sepah.

5. *Floods.*

The river overflowed its banks at Qasr-i-Shirin recently and caused considerable damage to the low-lying parts of the town.

6. *Earthquakes.*

Shocks were reported from Ushnuyieh (Million Sheet 1, Square 3 B) on the 14th January and from Shiraz on the 22nd January.

7. *Communications.*

(a) *Telegraphs.*—A line is to be constructed from Anarak to join up with the main system at Nain. Anarak has recently sprung into prominence as a mining centre.

(b) *Roads.*—(i) Work is in progress on the Isfahan-Najafabad section of the new road which is to link up Isfahan with the Trans-Iranian Railway.

(ii) Repairs are being carried out on the Mashileh portion of the Bushire-Shiraz road.

8. *Tribal.*

Reference Intelligence Summary No. 3 (current), paragraph 9.

(a) Portable wireless sets at Ahwaz and Qaleh Ala maintain communication with Tehran.

(b) Sargurd Shahmarz, who succeeded Sarhang Saqafi (the murdered Governor of Kuhgilu and Behbahan), has been recalled to Ahwaz and suspended on a charge of taking bribes from the tribes.

(c) It is reliably reported that fifty additional Bakhtiari have joined Khoda Karan, the Bahnai outlaw. His present whereabouts is said to be the Abu Faris mountains (Million Sheet 10, Square 1 C).

9. *Iranian Air Force.*

(i) Two officers of the Iranian air force (Captains Mehdi Sipahpur and Abdul Husain Mostafavi) left Tehran on the 26th January for the United Kingdom. They are to test the "Hind" machines recently ordered from Messrs. Hawkers.

(ii) Reference Intelligence Summary No. 2 (current), paragraph 12 (i), the missing aeroplane is back at Meshed. The Soviet authorities transported it as far as the frontier and the Iranian air force flew it thence to Meshed.

10. *The Press.*

This week's features have been:—

(i) An article on Bahrein in the New York paper *World Petroleum*. As was to be expected, violent exception was taken to the statement that Bahrein was an independent kingdom in close relations with England.

(ii) An article in the Swiss paper *Neue Bündner Zeitung* reporting a lecture by a Swiss engineer who had been employed on railway construction in Iran. The *Iran*, in an article entitled "An Engineer Turns out to be a Spy," complains bitterly of the lecturer's remarks on Iranian history.

G. D. PYBUS, Lieutenant-Colonel,
Military Attaché.

Tehran, January 29, 1938.

[E 965/62/34]

No. 13.

Mr. Seymour to Mr. Eden.—(Received February 21.)

(No. 26.)

Sir,

Tehran, January 25, 1938.

WITH reference to my telegrams Nos. 6 and 11 of the 13th and 20th January respectively, in regard to the position created for British insurance companies operating in Iran following the application of the new insurance legislation on the 16th January, I have the honour to recapitulate, for convenience of reference, the facts in their order of sequence during the past ten days.

2. On the morning of the 13th January the commercial secretary to His Majesty's Legation was informed by M. Mizrahi, the local representative of Messrs. Fowler and Co. (Limited), that he had received a telegram from the Caledonian Insurance Company advising him that unless article 8 of the decree of the 18th October, 1936 (which lays down that 25 per cent. reinsurance must be effected with the Iran Insurance Company), was modified, the company would withdraw from Iran, and that the other five companies represented by Messrs. Fowler and Co., namely, the Norwich Union Life Insurance Society, the Yorkshire Insurance Company (Limited), the Eagle, Star and British Dominions Company (Limited), the General Accident, Fire and Life Assurance Corporation (Limited) and the British Oak Insurance Company (Limited), would follow their example.

3. M. Mizrahi explained that he was proposing to address a telegram that same morning to the Minister of Commerce drawing the Minister's attention to the attitude taken up by the above-mentioned six insurance companies. It was subsequently learnt that the telegram, a copy of which is enclosed, (1) was actually sent on the morning of the 15th January.

(1) Not printed.

[18215]

C

4. Before deciding what steps, if any, could be taken, I considered it advisable to discuss with Mr. Corbett-Wright, the Bombay representative of the Royal Insurance Company (Limited), who happened to be in Tehran, the relations of his company with the Anglo-Iranian Oil Company (to which reference is made in paragraph 3 of Mr. Baggallay's letter to me of the 22nd December). Mr. Corbett-Wright called on the evening of the 13th January. He explained that the position of his company was somewhat different from that of the other companies, as his company had a private agreement with the Iranian Government for co-operation with the Iran Insurance Company. Actually, the agreement had been under reconsideration, but private negotiations had been broken off pending a definite decision as to the attitude of the other companies.

5. Mr. Corbett-Wright was in favour of representations to the Iranian Government against the provisions of article 8, though he thought that a protest at this late stage could not be expected to have any effect. He assured me, however, that a protest against article 8 would in no way involve the Anglo-Iranian Oil Company. On the strength of this information, I decided to send my telegram to you No. 6 of the 13th January, and to await your instructions.

6. On the evening of the 15th January a circular letter, a copy of which is enclosed,⁽¹⁾ was addressed by the Ministry of Commerce to all the representatives of insurance companies, instructing them to refer to the "Iran" Insurance Company in regard to the 25 per cent. reinsurances, provided, of course, that the companies which they represented were proposing to continue business in Iran. Mr. Corbett-Wright, on behalf of the Royal Insurance Company (Limited), reported to me that he would be taking no action, pending the issue and publication of the regulations referred to in article 8 of the decree. On the other hand, M. Mizrahi informed Mr. Cumberbatch that he was proposing to ignore the circular, as the six companies represented by Messrs. Fowler and Co. had definitely decided to withdraw. M. Mizrahi added that he had received a letter from the Ministry of Commerce in reply to his telegram of the 15th January (see enclosure A⁽¹⁾), which read as follows:—

"As the subject of your telegram of the 15th January addressed to the Minister of Commerce was not known, in order to avoid any misunderstanding, we deem it necessary to point out to you that the decisions taken by the foreign insurance companies which you represent in Iran will have no effect whatsoever on any decisions taken by the Iranian Government or on the regulations provided in their decree dated the 26th Mehr, 1316, whether the companies desire to continue to do business in Iran or not."

7. The tone of this letter was already a first indication that the Government were not likely to accede to the request of the insurance companies for an amendment of article 8. However, on receipt of your telegram No. 6 of the 18th January and of the memorandum prepared by the Fire Offices' Committee, a copy of which was enclosed in Eastern Department's letter of the 5th January, I called at the Ministry for Foreign Affairs on the 19th January, and, in the absence of the Minister for Foreign Affairs himself, I made urgent representations to the Director-General and left with him a memorandum embodying the main arguments as set out in the Fire Offices' Committee memorandum (see my telegram No. 11 of the 20th January).

8. The Director-General, who was obviously not conversant with the main points at issue, was non-committal and said that he would enquire if anything could be done. As, however, I presumed that no reply would be forthcoming from the Iranian Government for some considerable time, I instructed Mr. Cumberbatch to see the Minister of Commerce, with whom I had had occasion to refer to the difficulties of foreign insurance companies in a conversation a few days prior to receiving your instructions. Mr. Cumberbatch saw M. Ala on the 20th January (the earliest time at which he could obtain an appointment), when the Minister explained that the whole position had been again reviewed at a Council of Ministers, who had unanimously decided that the new decree which was now in force should not be amended or its application postponed. The Minister said he was sorry that the majority of British insurance companies should be leaving the country, and expressed the hope that the companies would resume operations in Iran in due course.

⁽¹⁾ Not printed.

9. Later the same day I was informed on good authority that the representative of the German company, Allianz Stuttgarter, had applied for one month's extension to enable him to comply with the provisions laid down in article 2, which require the deposit of a guarantee for 1 million rials, but that this request had been refused. The German Legation had, I understand, interested themselves in securing that the company should continue to operate in Iran, and I presume that means will be found, possibly through the Legation, to obtain this guarantee.

10. To-day, the position of the Royal Insurance Company (Limited) is still uncertain, but the following companies are known to have expressed their willingness to remain in Iran, the Palestine Lloyd Insurance Company (Limited), the Allianz Stuttgarter (German) and the Gosstrach (Russian).

11. It is difficult at this stage to foresee what effect the departure of six insurance companies will have on the "Iran" Insurance Company, a comparatively new company with a capital of only 20 million rials. It is generally known that the Iran has been reinsuring with Lloyds, but if they are to take over the portfolios of the six companies, it is very doubtful if they will be able to continue without turning to Switzerland or France for a part of their reinsurances.

12. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.

H. J. SEYMOUR.

[E 967/130/34]

No. 14.

Mr. Seymour to Mr. Eden.—(Received February 21.)

(No. 29 E. Confidential.)

Sir,

Tehran, January 28, 1938.

I HAVE the honour to inform you that recently the Tehran manager of the Imperial Bank of Iran has had occasion to discuss with M. Nariman, the acting head of the Exchange Control Commission, the renewal of the existing arrangements, made with the late M. Davar in 1936, by which the bank gave certain credits in favour of the Iranian Government and received authority to conduct operations in foreign exchange. M. Nariman took this opportunity to ask Mr. Butters to increase these credits to a total of £1 million, and to reduce the rate of interest below the present 4 per cent.

2. Mr. Butters replied that his board in London could without difficulty obtain in the Middle East a better rate of interest on their money than the 4 per cent. conceded to M. Davar, and he saw no possibility of his being authorised to make any reduction. As regards the desired increase of credit he could not see his board sanctioning this as a straight credit; if, however, the proposal could be put to him in the form of handling of business, he would give it very careful consideration.

3. A few days ago Mr. Butters obtained an interview with the Minister of Finance, M. Bader, for the purpose of protesting, partly against a tendentious misrepresentation of the Imperial Bank's rates and their consequences published in the *Official Bulletin* of the National Bank of Iran in Khuzistan (a copy of a letter from Mr. Butters to the director of the National Bank is enclosed herein for information⁽¹⁾); and more seriously, in connexion with a telegram which he had received from London indicating that the representatives of the Iranian Société des Cotonnades now in England were trying at one and the same time to arrange for financing the purchase of cotton-goods and to impose the condition that the Imperial Bank in Tehran should be excluded from handling the business.

4. M. Bader washed his hands of the National Bank's publication (there is probably little love lost between the Ministry of Finance and that institution), and disclaimed knowledge of the société's proceedings in London to which Mr. Butters had taken exception. He then went on to ask Mr. Butters for credit up to £1 million for the Treasury. Mr. Butters repeated the explanation of the position that he had given to M. Nariman, and added that he could only transmit the

⁽¹⁾ Not printed.

request to London without recommending on it either favourably or unfavourably; but he feared that neither it (nor the loan) stood any chance in London unless it could take the form of covering genuine business. And he felt certain that the proceedings of the Société des Cotonnades to which he had had to draw M. Bader's attention, reflecting as they did on the Tehran branch of the Imperial Bank, would not influence his board favourably towards the new proposal.

5. M. Bader expressed disappointment and the hope that the bank would still be able to give him some assistance. Since then Mr. Butters has had a request that the bank should make an advance of £300,000 to the Treasury, for repayment on the 1st March. The money is presumably required for payments due in connexion with the equipment of the railway or the new factories. Mr. Butters is considering whether satisfactory conditions can be arranged. Meanwhile, he has given M. Bader some comfort in the form of a credit of 250,000 rupees to cover a shipment of tea from Calcutta, on terms which the bank can only regard as satisfactory.

6. I have sent a copy of this despatch to the Department of Overseas Trade.

I have, &c.

H. J. SEYMOUR.

[E 960/43/34]

No. 15.

Mr. Seymour to Mr. Eden.—(Received February 21.)

(No. 17.)

Sir,

Tehran, January 19, 1938.

I HAVE the honour to transmit to you herewith a translation of a law which passed the Majlis on the 7th November last,⁽¹⁾ setting forth a complete reorganisation of the administrative system of Iran, and a copy of an article taken from the *Journal de Téhéran* of the 10th January,⁽¹⁾ giving a version of a supplementary Bill revising in an important manner the larger administrative units specified in article 2 of the former law, and also modifying certain conditions of entry into the service of the Ministry of the Interior. The map mentioned in article 1 of the first law has not yet been published.

2. The second of these measures has passed its second reading, but has not yet been reported as having received the Royal Assent. Its fourth article, as quoted by the newspaper, is not very intelligible, since the prime object of the Bill is to recast articles 1 and 2 of the previous enactment.

3. The translation of the law of the 7th November is from the text in the *Official Journal* of the Ministry of Justice, which did not appear until some five weeks after its passage in the Majlis, and differed in certain respects from versions which had appeared previously. This circumstance, and the fact that it was known that large alterations were to be made, when the ink of the original Act was scarcely dry, have caused me to refrain from rendering sooner a full report on this important legislation. Even now it would be unsafe to assume that the whole project is other than in an experimental stage, and that further wide changes will not be made. As an instance of the confused manner in which things have proceeded, I should mention that, only two days before the second Bill was introduced into the Majlis, a list of appointments to four of the six "Ustans," defined in the original Act, was published. The posts filled were the North-Western, Southern, North-Eastern and Mekran Ustans, and the recipients were the present Governors-General of Eastern Azerbaijan, Fars and Khorassan, and the Military Governor of Zabul respectively. These appointments are presumably now in suspense. At the same time, more than one consulate has reported that the local Governor or Governor-General had begun to style himself "Farmandar" or "Ustandar" before the first law had been finally placed on the statute book.

4. The broad effect of these measures will be to break up the large provinces, such as Khorassan and Fars, into departments corresponding more closely to units hitherto administered as small governorates, and to group together regions of lesser extent, differing not very much from the present smaller independent

⁽¹⁾ Not printed.

provinces, such as Khamseh, Kazvin, Sultanabad (Araq), under larger denominations.

5. A list of "Shahristans" and "Bakhshes" was published as an appendage to the law of the 7th November, but it has not been thought worth while to transmit this until the present phase of confusion has passed, and also because the Shahristans are indicated in the second of the enclosures with this despatch. It may be said, however, that the Shahristan in general represents a more compact, more homogeneous, and less extensive district than that hitherto ruled by the average Governor who corresponded direct with the Ministry.

6. The heir of the former independent provincial Governor is evidently the Farmandar, and the intention of articles 6-18 of the law of the 7th November seems to be to make him the backbone of the new administration. The actual handling of affairs is his, as well as the important duty of co-ordinating the work of local government departments (article 11); and he has for this purpose a Shahristan Administrative Council (article 18). His normal channel of communication with his Ministry is through the Ustandar (articles 12, 14, 16-18, and first paragraph of 19); but on occasion (article 19, paragraph 2) he and the Ministry of the Interior will correspond direct, a point which may give rise to confusion.

7. It thus appears that the really important unit of provincial government is to be made smaller and more uniform. This should be a useful reform, for hitherto there have been great disparities between units directly dependent from the Ministry of Interior, as, for instance, between the huge province of Khorassan and the small district of Qum. The change should also eliminate the chance of confusion such as recently arose over the status of the Governor of the district of Khorramshahr-with-Abadan, who maintained that he was no longer subordinate to the Governor-General of Khuzistan, while the latter insisted that he *was* subordinate, and the central Government would give no clear decision one way or the other, but could only say that the Governor of Khorramshahr-with-Abadan could in some cases refer direct to Tehran.

8. Thus far considered, therefore, the reforms contain no important novelty except the administrative councils of the Shahristan and the Bakhsh, but move in the direction of more subdivision, more uniformity, and more precision. Not the least, however, of the failings that require attention in the present state of local government is weakness of local co-operation between the provincial representatives of the various Ministries and departments, and the powerlessness or unwillingness of the Governors to harmonise their activities. This defect has been brought into relief by the centralisation of the present régime. Quite trifling matters involving more than one department are referred by each representative to Tehran, with the result that the work of all departments is burdened with a congestion that the national capacity for brisk and resolute action is ill equipped to bear. Whether, on the one hand, the definition of the Farmandar's function as "the supreme authority over all national departments in the Shahristan," and the introduction of administrative councils, will make headway against ingrained bureaucratic indolence and desire to shift responsibility, or, on the other hand, the conspicuous recent movement towards extreme centralisation will utilise the reduction of the standard provincial unit to impress itself still further, experience alone will show. The Farmandar's duties are hedged about with such phrases as "within the limits defined by law," and much will depend on the interpretation of these. However this may be, it is, nevertheless, something gained that a system has been formulated that is capable of germinating this much needed reform.

9. The principal innovation of the scheme is the "Ustan" and its official, the "Ustandar." The word, which is not in the current language, has been advertised as a revival from Sassanian times, whose idiom, as evidenced by such names as Shapour, evidently appeals to the present Shah, no doubt because it is untainted by Arab influence, and perhaps also from a spirit of historical emulation. But it is probably not unrelated to the familiar termination "-istan." At first sight it might appear that the creation of Ustandars signified a recognition that the carving up of the old provinces into more numerous departments, somewhat—for all the Sassanian terminology—on the French model, and doubtless with the same intention, would create a degree of centralisation for which the times are not yet ripe in Iran, and that some devolution of authority was necessary.

The six Ustans of the original law—and notably the western and northern, which were omitted from the list of appointments mentioned above in paragraph 3—were clearly at once realised to be unwieldy, and the process of subdivision was carried further in the amendment.

10. But the Ustandar is a nebulous figure. He has no fixed seat of government (article 3, note) nor permanent office, a fact which will inconvenience him in handling the numerous reports and instructions he is to receive and give, and is less likely to make for efficiency, than to encourage the short-circuiting provided for in article 19. His duties seem more like those of an inspector, a go-between, a consulting rather than a practising administrator. He has no Council of Farmandars wherein he could align them all to his policy. He does not have the same patronage as the Farmandar over appointments of subordinate officials (articles 8 and 9), a matter which is usually of considerable importance in the East. It is likely that a ruler faced with the necessity of surrendering a measure of independence to the provinces would be less willing to do so to an Ustandar than to Farmandars, who would be too numerous, and each in command of too small an area, to become overmighty subjects, save in the unlikely event of combination. As long as the present Shah retains his vitality, it will probably be policy to keep the migrant Ustandar from striking roots too deeply.

11. Nevertheless, the laws contain machinery which would enable an Ustandar of determination and ability to become an overwhelming influence in his division, particularly if this were for any reason to suit the central authority—or to be beyond its power to prevent—and he were surrounded by colourless Farmandars. The consequences cannot be prophesied from the law, and depend upon the unpredictable use that may from time to time be made of the machine.

12. It is in this connexion that the class of person from whom the Ustandars and Farmandars are recruited becomes significant. Normally (articles 5 and 6), they are to be regular Government servants; but provision is made (article 6, note) for the appointment of others. This might mean that an Ustan would be given as an appanage to a prince or a favourite, or equally as a place of rustication for those same persons. Possibly some avenue of promotion for Farmandars is needed. But mention of military governorships, which now form an important feature of tribal and frontier districts, is altogether absent from the scheme, and no doubt one of the intentions underlying this provision is to enable a military commander to be placed in charge of an Ustan or Shahrstan, should circumstances favour it, although the expression of the text "official servants of the State," while it normally connotes civil servants, is susceptible of being stretched to include a military officer.

13. The sixth Ustan of the first law, Mekran, corresponds to an existing area of military government, and differs from the other five in being smaller in extent, and in apparently containing no Shahrstans, but only Bakhshes, according to the list alluded to in paragraph 5, though it is not clear from the wording whether it is or is not intended to consist of a single Shahrstan, with headquarters at Zahedan, coterminous with the Ustan, and perhaps uniting the Ustandar and Farmandar in one person. The Ustandar appointed in the announcement already described in paragraph 3 was a military officer. In any case, its special character has now in appearance been obliterated in the eighth Ustan of the amending law.

14. It will be seen that the whole scheme is bureaucratic, in sympathy with the general official invasion of commerce, industry and most departments of life. Representative government appears only in the lowest rungs of the scale (articles 8, 9), and then without even the fashionable pretences of election.

15. The official invasion is, indeed, carried one stage further, into agriculture. Another law is in formation, closely dependent upon the present, concerning the improvement of agriculture, and I shall shortly have the honour to address you on this subject. Meanwhile, the emphasis upon agriculture in the present enactments is obvious.

16. The note at the end of article 2 of the amending law, concerning islands, repairs an omission of the original Act. No doubt the primary intention is completeness, but it might be worth remarking that, though Bahrein (which is not mentioned anywhere) could hardly be described as lying in the vicinity of a mainland department, Tamb and Abu Musa have in the past been claimed by the Iranian Government as forming part of the Governorate of Lingah.

17. Article 3 of the amending, and articles 24 and 25 of the original, law provide for the adjustments of personnel and finance that will be required to carry

through the change. I fear it is too much to hope that this will be done without a period of confusion.

18. To resume, the foregoing commentary upon the possible effects of this outwardly far-reaching legislation must obviously be quite speculative. Upon the spirit in which the administration is carried out, and above all on the interplay of personal factors, will depend whether the changes will really be far-reaching and alter the current of public life, or whether they will merely in the end serve to emphasise the sameness of things. It cannot be foretold that obvious failings, such as the lack of co-ordination of local departments, or the trespass by the army into spheres of civil authority in areas not admittedly under military régime, will be cured. Nevertheless, administrative geography is an impersonal thing that has a tendency towards permanence, and the bestowal of a more uniform system of administrative divisions contains in it, if left undisturbed, the possibilities of significant development.

19. This matter will evidently have its effect upon the question of redefining our consular districts, which has formed the subject of the correspondence ending with my Chancery's letter of the 17th July last, and that of the identity of the officials with whom consular officers will in future have to deal. But until the present stage of uncertainty has passed it is clearly premature to attempt to deal with this latter subject in any detail.

I am sending copies of this despatch to the Secretary of the Government of India in the External Affairs Department, No. 8, and to His Majesty's consular officers in Iran (circular), No. 3.

I have, &c.

H. J. SEYMOUR.

[E 1092/130/34]

No. 16.

Mr. Seymour to Mr. Eden.—(Received February 28.)

(No. 40 E. Confidential.)

Sir,

Tehran, February 7, 1938.

WITH reference to my despatch No. 29 E. of the 28th January, I have the honour to inform you that the Tehran manager of the Imperial Bank of Iran has again been approached by M. Nariman, of the Exchange Control Commission, with a view to the granting by the bank of an advance of £1 million.

2. The renewal of this request was parried by Mr. Butters with an enquiry as to what satisfaction he would be given as regards a whole series of points which he had put to the Minister of Finance—points which were, I understand, largely designed to free the Imperial Bank of Iran from numerous restrictions on their operations which have been imposed by regulations since their arrangement with M. Davar of March 1936. These restrictions, which in the opinion of Mr. Butters have been drawn up in incompetence rather than by hostile design, have prevented the bank from doing legitimate business which, incidentally, the National Bank would not in any case be in a position to handle.

3. Mr. Butters has explained to me that the desired advance of £1 million would amount, to all intents and purposes, to a loan for which no security had been offered, and he feels sure that even if satisfaction were given on all the points referred to above, his bank would not feel able to sanction such a straight loan, as the military and railway commitments of the Iranian Government for the next few years are much too heavy for a concession of this kind to be safe.

4. I gather that M. Nariman was entirely unforthcoming on the question of the restrictions mentioned in paragraph 2 above, and that he immediately proceeded to repeat his further request for a reduction in the rate of interest in the credits granted by the bank to the Iranian Government, to which I referred in paragraph 1 of my despatch No. 29 E., to a figure below the present 4 per cent., though apparently he did not seem to expect a favourable response.

5. The arrangement concluded by the bank with the late M. Davar in 1936 lapses in March next, and, unless a further agreement is reached before then, the Iranian Government will lose the credits put at their disposal by the bank, and the latter will lose all right to conduct operations in foreign exchange. In this connexion I understand that the board of the Imperial Bank of Iran agree

[18215]

c 4

with their manager here that the renewal of the advance under the 1936 arrangement must in any case be conditional upon the settlement of a number of points affecting the bank's liberty to trade.

6. Mr. Butters has informed me that he has allowed the advance to the Treasury of £300,000, the request for which I mentioned in paragraph 5 of my despatch under reference. This is, of course, quite separate from the question of the £1 million desired by M. Nariman for the needs of the Exchange Control Commission. The advance is due for repayment in about a month, and as the oil royalties do not fall due during this period, it is by no means clear how the Ministry of Finance will be able to effect repayment.

7. As regards the question of Mr. Butters's protest against the alleged attempt of the Iranian Société des Cotonnades to side-track the Imperial Bank of Iran in connexion with the purchase in England of cotton goods, I learn that the Minister of Finance has replied that the Banque Mellié are the agents of the société, so that it was natural that the société's representatives in London should give this bank as a reference. The representatives had, however, no authority, and still less any instructions, to insist on excluding the Imperial Bank of Iran. M. Bader said that he was writing to the société's representatives with a view to clearing the matter up.

8. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
H. J. SEYMOUR.

[E 1098/167/34]

No. 17.

Mr. Seymour to Mr. Eden.—(Received February 28.)

(No. 58.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 4 for the period ending the 12th February, 1938, compiled by the military attaché to this Legation.

Tehran, February 12, 1938.

Enclosure in No. 17.

(Secret.)

Intelligence Summary No. 4 for the Period ending February 12, 1938.

1. *The Royal Family.*

THE Queen, accompanied by Princess Shahdukht Pahlévi, returned from Europe to Tehran on the 5th February.

2. *Iranian Officials.*

Dilpak, formerly Chargé d'Affaires of the Iranian Legation at Brussels, has been appointed Director of the 2nd Political Section of the Ministry for Foreign Affairs.

3. *Civil Administration.*

Reference Intelligence Summary No. 2 (current), paragraph 3: For "Astán" read "Ustán."

4. *Mining.*

The discovery of a coal-mine 30 kilom. from Isfarain in Khorasan (million sheet No. 22—square 3 B) is reported in the press.

5. *Earthquakes.*

Shocks have been reported as follows:—

January 27, 1938: Gilan West, million sheet 2—square 2 B.

February 3, 1938: Bunder Abbas.

February 4, 1938: Shiraz.

February 8, 1938: Ushnuyieh, million sheet No. 1—square 3 B.

No damage was done.

6. *Bahais.*

A Khuzistan consular source reports some activity against the Bahais in Ahwaz.

A meeting was recently interrupted and two military officers attending it were sent to Tehran and, it is said, dismissed from the service.

The reason given is interesting. It is rumoured that the Bahais of Iran had been in the habit of disclosing details about military affairs to the head of their community in Cyprus. It was transmitted thence to the Soviet authorities in the hopes that these gratuitous efforts in espionage might procure, in return, better treatment for Bahais in Russia.

7. *League of Nations.*

The Iranian Government has informed the Secretary-General that Iran has addressed a fresh protest to His Majesty's Government on the subject of Bahrein.

8. *Tribal.*

(i) *Baluchistan.*—A force, consisting of 500 infantry, half a battery of field guns and a battery of mountain guns under the command of the Officer Commanding, Kerman Brigade, was embarked in the sloops *Palang* and *Shahrakh* at Bunder Abbas on the 26th January and disembarked at Bunder Sirik (million sheet No. 25—square 2 B). Two hundred cavalry also left Kerman for Minab. It is said that the force is to operate against Abdul Husain Remiskh in Bashagird country.

(ii) *Bahmai.*—There is nothing further to report.

9. *The Press.*

This week's offensive has been directed against Mlle. Maryse Hilsz, the aviator, who contributed an article on her recent adventures to the French paper *Intransigeant*.

The writer described the hardships she endured after her breakdown until she arrived at Jask. The Iranian press declares she is ungrateful for all the help rendered to her by local authorities.

G. D. PYBUS, *Lieutenant-Colonel,*
Military Attaché.

Tehran, February 12, 1938.

[E 1091/43/34]

No. 18.

Mr. Seymour to Mr. Eden.—(Received February 28.)

(No. 39.)

Sir,

Tehran, February 5, 1938.

IN my despatch No. 17 of the 19th January, I had the honour to transmit to you a translation of a law for the reorganisation of the Iranian provincial system, passed by the Majlis on the 7th November, 1937. I now have the honour to transmit a translation of another important piece of legislation passed by the Majlis at the same time,⁽¹⁾ namely, a law concerning agricultural development, passed on the 16th November, 1937. This law should be read in connexion with that concerning the provincial reorganisation, since its provisions are based throughout on the new system to be introduced under the latter law.

2. The law of the 12th November imposes on landowners the legal obligation to develop and to exploit their property fully. If they fail to do so, their land can be taken over and administered on their behalf, or else leased from them, by companies to be formed for the purpose. This provision is interesting and should be salutary if properly used. But given the conditions existing in this country, there is, of course, a danger that it may become another engine of oppression. At the same time article 5 of the law may well provide opportunities for endless wrangling and delay before any effective action can be taken for the improvement of the estates of negligent landowners.

⁽¹⁾ Not printed.

3. Other useful features of the law are the provision of loans to landowners who lack the means to develop their estates and the preparation of comprehensive plans for public works in each district. If the law is effectively and equitably enforced, it should do much to increase the agricultural resources of the country. But everything will depend on the efficiency of the new administrative system now to be introduced.

4. I am sending copies of this despatch to the Secretary to the Government of India in the External Affairs Department and to His Majesty's consular officers in Iran.

I have, &c.
H. J. SEYMOUR.

[E 1391/235/34]

No. 19.

Mr. Seymour to Mr. Eden.—(Received March 14.)

(No. 65.)

Sir,

Tehran, February 18, 1938.

IN my despatch No. 473 of the 18th December last, I had the honour to report briefly on the visit to Tehran of Herr Baldur von Schirach, leader of the Hitler Youth. I have since received copies of the despatches which His Majesty's Ambassador at Moscow addressed to the Foreign Office (Nos. 610 of the 18th December, 1937, and No. 14 of the 10th January), reporting on comments in the Soviet press on this visit.

2. I think that the remarks made in the Soviet papers quoted are largely speculative, and that the deductions which they drew have, for the most part, no foundation. It is, perhaps, of interest to note that the article published by the *Journal de Moscou* suggesting that the visit was evidence of Iranian subjection to Fascist influence, resulted in the *Journal de Téhéran* printing an article ridiculing such a charge. As regards the story in the *Moscow Daily News* to the effect that the Iranian Minister of Education had been reprimanded by the Shah for his share in entertaining Herr Baldur von Schirach, I should mention that I see no reason to suppose that such a rebuke was, in fact, delivered. It is, in fact, almost inconceivable that the programme arranged should not have received the previous approval of His Imperial Majesty. A further indication is that the Minister of Education himself talked to me about Herr von Schirach's visit, after we had seen a parade of boy scouts on the occasion of the *coup d'Etat* celebrations. M. Hikmat told me that Herr von Schirach had expressed admiration of the progress made by the scout movement in Iran, but had suggested that it was a pity to have followed the "Baden-Powell model," and that the movement should have been formed on purely national lines. M. Hikmat replied that it was precisely the international character of the Baden-Powell type of scout movement which made it so suitable for adoption in Iran, and that to reject a good innovation because it was not "national" would be like refusing to accept the discoveries of Pasteur because they were not "national" in countries other than France. Herr von Schirach, according to M. Hikmat, could find no reply to this somewhat surprising analogy, and developed no further his argument in favour of "national" as against "Baden-Powell" scouting.

3. Shortly after the publication of the article in the *Journal de Téhéran*, the Soviet Chargé d'Affaires remarked in conversation that there was a tendency in the Tehran press to publish articles slighting the democratic Powers (among which he included the Soviet Union), while references to the totalitarian Powers were more complimentary. There is some truth in this, but I believe it to be mainly due to the fact that the controlled press of countries such as Germany and Italy avoid stirring up Iranian susceptibilities, and the Governments of these countries thus avoid being drawn into the futile "press incidents" which have in recent years disturbed, to a greater or less degree, the relations between Iran and France, the United States and the United Kingdom. The Soviet Union is in rather a different situation, and the press controversy reported in Lord Chilton's despatches appears to have been deliberately invoked by Moscow.

4. As regards the suggestion of the *Journal de Moscou* that Iran is being, or may be, drawn into the "orbit" of German and Italian colonial aspirations, I take this to be the newspaper's way of saying that Italian and German influence

is increasing in Iran. I should not say that Italian influence is increasing, but the commercial interests of Germany have, as I have frequently reported, greatly developed owing to the operation of the clearing agreement. Some Iranians seem to think that they can safely run more and more heavily into German debt. To others, among whom is the Minister of Commerce, the increasing debt to Germany causes much anxiety. It seems to me that, so long as the present rapid industrial development of Iran continues, and so long as Germany is willing to supply the means for that development on credit, the position of Germany will be further strengthened.

5. I am sending a copy of this despatch to His Majesty's Ambassador at Moscow.

I have, &c.
H. J. SEYMOUR.

[E 1392/1178/34]

No. 20.

Mr. Seymour to Mr. Eden.—(Received March 14.)

(No. 66: Confidential.)

Sir,

Tehran, February 18, 1938.

I HAVE the honour to report that, according to information supplied by the Belgian Minister at Tehran, the Iranian Government have recently concluded a contract for the purchase of 200,000 rifles and 500,000 rounds of small arms ammunition from Czechoslovakia. I presume this purchase must have been made from the Skoda factory.

2. The counsellor to His Majesty's Legation, to whom this information was given, gathered that the terms of the contract were severe, namely 184,000 United States dollars down, and the remainder (the sum was not stated) on delivery. It appears, if this information is correct, that the Skoda firm have cut out a Belgian firm, as they did in 1936 over a similar order for 200,000 rifles. M. Braeffe said that *we* were paying for the rifles, referring no doubt to Anglo-Iranian Oil Company royalties.

3. He also said that Colonel Bever was impressed by the aircraft factory outlay—tools included. The Iranian Government wanted to renew Colonel Bever's contract for another year, but there might be some difficulty as it was time that Colonel Bever took an active command in the Belgian army.

I have, &c.
H. J. SEYMOUR.

[E 1399/167/34]

No. 21.

Mr. Seymour to Viscount Halifax.—(Received March 14.)

(No. 76.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit herewith a copy of Intelligence Summary No. 5 for the period ending the 26th February compiled by the military attaché to this Legation.

Tehran, February 26, 1938.

Enclosure in No. 21.

(Secret.)

*Intelligence Summary No. 5 for the Period ending February 26, 1938.*1. *The Shah.*

His Imperial Majesty the Shah held a levée at the Gulistan Palace on Saturday, the 19th February, on the occasion of the festival of Id-i-Ghadir. Cabinet Ministers, parliamentary Deputies, officials and senior officers of the services attended.

2. Iranian Officials.

(i) Masud Muazzad (Military Attaché's Personalities No. 125 (ii) and Foreign Office Personalities No. 123), formerly Iranian consul at Herat, has been appointed Director of the Consular Department of the Ministry for Foreign Affairs.

(ii) Husain Quli Nizam-Qaragozlu, Amir Nizam (Military Attaché's Personalities No. 147 and Foreign Office Personalities No. 141) has returned from prolonged sick leave and resumed his duties as Grand Master of Ceremonies (Foreign) to the Court.

The duties of Husain Samiyi, Adib-us-Saltaneh (Military Attaché's Personalities No. 186 and Foreign Office Personalities No. 173) are described as those of Grand Master of Ceremonies (Internal).

(iii) Husain Rakshani, Director-General of the Ministry of Finance, has been appointed Director-General of the Department of Agriculture. It is rumoured that this Department is shortly to be raised to the status of a Ministry, as were recently the Departments of Industry and Commerce. He is a near relative of Hasan Ali Rakshani (Military Attaché's Personalities No. 177 (ii) and Foreign Office Personalities No. 163).

3. Obituary.

On the 24th February Inayatullah Samiyi, Mudabbir-ud-Douleh, Minister for Foreign Affairs (Military Attaché's Personalities No. 187 and Foreign Office Personalities No. 174).

4. Administration.

The enquiries into the scandals in the Fars Administration, which have been going on since the summer of last year, appear to have been completed. The officials affected by the recent purge have now all been replaced. The late Governor-General, it is rumoured, has been pardoned by the Shah. The judicial investigation has decided not to take action against those found guilty of taking bribes, not on account of any doubt of their guilt, but on account of the magnitude of the task and the large amount of money involved.

5. Changes in Place Nomenclature.

The name of Gach-i-Qaraguli (degree sheet 10.J, square D 4) has been altered to Gach Saran.

6. Shipping.

One 250-h.p. tug and one barge of approximately 200 tons have recently been delivered to Bandar Shahpur.

7. Tribal.

(i) *Baluchistan*.—Reference Intelligence Summary No. 4 (current), paragraph 8 (i). The force is reported to have returned to Bandar Abbas. No action took place, but a large number of prisoners is said to have been taken.

(ii) *Bahmai*.—Reference Intelligence Summary No. 4 (current), paragraph 8 (ii). A reliable source reports that a force of 600 men is to be retained in the Bahmai country and that the remainder are to be sent back to Ahwaz.

8. The Iranian Army.

(i) The usual military review on the anniversary of the *coup d'Etat* took place on the 22nd February. A separate report has been submitted.

(ii) It is reported that, as from the Persian New Year, officers will be permitted to wear mufti when not on duty.

9. The Iranian Air Force.

(i) An unconfirmed report states that a separate Air Ministry is to be constituted shortly.

(ii) On the occasion of a recent inspection of the aeroplane factory by His Majesty the Shah, the five "Tiger-Moths" which have been constructed there were flown.

G. D. PYBUS, Lieutenant-Colonel,
Military Attaché.

Tehran, February 26, 1938.

[E 1393/1393/34]

No. 22.

Mr. Seymour to Viscount Halifax.—(Received March 14.)

(No. 67. Confidential.)

My Lord,

Tehran, February 23, 1938.

AS your Lordship is aware, the Iranian Legation in Washington has remained closed since the incident in which the Iranian Minister at that capital was involved in 1935. The United States is at present represented here by a Chargé d'Affaires in the person of Mr. C. V. Engert, a diplomat with the rank of counsellor.

2. Mr. Engert tells me that the State Department are not likely to acquiesce indefinitely in this rather anomalous arrangement, and he has made this clear to the Iranian Government. The members of the Government are in favour of reopening the Washington Legation, and the objection comes from the Shah himself. It appears that M. Kazemi, who was Minister for Foreign Affairs at the time of the incident, suggested to the then United States Minister, Mr. Hornbrook, shortly before he left Iran, that the trouble might be remedied by the visit of a special mission from the United States. Mr. Hornbrook apparently said that he would report this suggestion on his return to Washington—where it was very naturally rejected. His Imperial Majesty, however, still considers that the visit of a special mission would be the appropriate solution of the difficulty and, as there is no possibility of such a mission being sent to Iran, there the matter rests for the moment.

3. A common-sense solution has been unofficially suggested by Mr. Engert, on the following lines: There is at Washington a junior secretary of the Iranian service who works in the Turkish Embassy, to which Iranian interests have been entrusted. The proposed compromise is that this secretary should transfer himself to his own Legation and should be presented to the State Department as Iranian Chargé d'Affaires. This could be done without publicity, and would permit of the United States Government appointing a Minister to Tehran. It would, I gather, be a matter of indifference to the State Department whether an Iranian Minister were appointed to Washington or not; but they do require some formal reopening of the Iranian Legation. If this cannot be obtained, Mr. Engert expects that he will be withdrawn and the United States Legation here left in charge of some junior official.

4. The whole episode is trivial, but is of some interest, as showing the prolonged effects which may result in this country from petty causes.

5. I am sending copies of this despatch to His Majesty's Ambassador at Washington.

I have, &c.

H. J. SEYMOUR.

[E 1706/130/34]

No. 23.

Mr. Butler to Viscount Halifax.—(Received March 28.)

(No. 85 E.)

My Lord,

Tehran, March 5, 1938.

WITH reference to my despatch No. 490 E. of the 30th October, 1936, I have the honour to transmit to you herewith a copy of the official publication of the Banque Mellie⁽¹⁾ Iran, giving details of the report submitted to the general meeting—no date is given as to when the meeting was held—and the bank's balance sheet in respect of the year 1315 (from the 21st March, 1936, to the 20th March, 1937). An economic report is also included in the publication.

2. Notes in circulation on the 20th March, 1937, at 813,186,220 rials, show an increase of 219,464,000 rials (about £2,743,300 at the fixed rate of 80 rials to the £) over the figure for the previous year. The note issue has since risen considerably, and on the 4th February, 1938, stood at 874,357,875 rials (£10,929,473).

3. Gross profits amounted to 69,211,496.75 rials, the bulk representing interest which accounted for 53,268,695.10 rials (£665,100). The net profit is

(¹) Not printed.

shown as 44,239,932.20 rials or about £553,000, and this, added to 3,213,093.45 rials carried forward from last year, is dealt with as follows: 4,745,302.55 rials (10 per cent. of the total) to Statutory Reserve and a similar amount to Special Reserve; 35,217,118.00 rials credited to the Government as dividend and 2,745,302.55 rials carried forward in a new account.

4. The final balance sheet shows that the paid-up capital has been increased by 9,335,757.10 rials (£116,697), representing the value of gold abroad; this amount has been deducted from "sundry creditors" on the debit side.

5. The remarks towards the end of the preliminary report, in which mention is made of the exchange difficulties, were no doubt necessary though perhaps not quite convincing.

6. I am sending copies of this despatch to the Department of Overseas Trade, to the Secretary to the Government of India in the External Affairs Department, and to His Majesty's Ambassador at Bagdad.

I have, &c.

NEVILLE BUTLER.

[E 1717/167/34]

No. 24.

Mr. Seymour to Viscount Halifax.—(Received March 28.)

(No. 103.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 6, for the period ending the 12th March, compiled by the military attaché to this Legation.

Tehran, March 12, 1938.

Enclosure in No. 24.

(Secret.)

Intelligence Summary No. 6 for the Period ending March 12, 1938.

1. Iranian Officials.

(i) MUSTAUFI, formerly Director-General of Registration, has been appointed Ustandar of Ustan No. 4.

(ii) Ali Mutamadi (Foreign Office personalities No. 126), Director of the 3rd Political Bureau of the Ministry for Foreign Affairs, has been appointed Director-General of Registration in the Ministry of Justice.

2. Budget.

The budget for the Iranian year 1317 (the 21st March, 1938–20th March, 1939) has been passed by the Majlis.

Total receipts (in which royalties from the Anglo-Iranian Oil Company are not included) amount to 1,528,892,648 rials (£19,111,158), and expenses to 1,527,018,562 rials (£19,087,732).

Items of military expenditure are as follows:—

	1316.	1317.
Ministry of War	283,729,980 rials (£3,546,624)	323,729,980 rials (£4,046,624)
Gendarmerie	25,678,400 rials (£320,980)	30,678,400 rials (£383,480)
Conscription	400,000 rials (£5,000)	1,150,500 rials (£14,381)
Forage (adjustment and provision)	...	16,046,944 rials (£200,586)
Corn (adjustment and provision)	...	17,246,132 rials (£215,576)
Pahlavi dockyard	...	3,220,000 rials (£40,250)

The total military expenditure, therefore, amounts to 392,071,956 rials (£4,900,899), showing an increase over last year's provision of 82,163,576 rials (£1,027,044), and representing 25.6 per cent. of the total budgeted expenditure.

3. Treaties, Agreements, &c.

(i) A clearing agreement between Iran and Switzerland was signed on the 23rd January, 1938, and came into force on the 1st February, 1938.

(ii) At the session of the 10th March, 1938, the Majlis passed the first reading of the Pact of Saadabad, between the four Powers of Iran, Iraq, Afghanistan and Turkey, the frontier treaty between Iran and Iraq, the treaty of friendship between Iran and Iraq, the treaty for the peaceful settlement of disputes between Iran and Iraq, the treaty of establishment between Iran and Austria, and the treaty of friendship and arbitration between Iran and Hungary.

4. Tribal.

(i) *Bahmai*.—Reference Intelligence Summary No. 5 (current), paragraph 7. An Ahwaz report states that the Bahmai leader surrendered and was shot, and that No. 13 Regiment has returned to its headquarters in Ahwaz.

(ii) *Baluchistan*.—According to a consular source, tribal unrest continues, and the Ismailzais are reported to have raided the Naruis three times in the month, killing two men and driving off herds of goats and sheep. Sardar Nazar Jan Narui, a Sistan Sardar, who was attempting to organise his kinsmen's resistance to Ismailzai aggression, has apparently now abandoned his efforts and withdrawn. In the Ismailzai camp, preparations to resist military operations seem to be afoot; Juma Khan is believed to have transferred most of his valuables to Afghanistan, and has moved farther into the hills with his fighting men, where he has been joined, it is understood, by Mulla Rahim Ismailzai, an Afghan Sarhaddar, with a few followers and two camel-loads of arms and ammunition.

The Iranian authorities meanwhile seem anxious to cultivate good relations with other Baluchi Sardars. Mir Ahmed Khan, brother of Mir Hussain Khan of Geh, has been given a suit of clothes, some toilet requisites and a cash present, while presents have also been distributed to other Sardars. Ahmed Khan is said to have been particularly warned by Colonel Mukri to have nothing to do with the British Government, whose policy it is to create strife among the Baluchis. Mir Safaraz Khan and Mohamed Aslam, whose tribal territories lie on the route to Chahbar, are said to have agreed to facilitate the passage of troops through their territory, provided they are permitted to protect the route themselves; they already receive subsidies from the authorities.

5. Earthquakes.

Shocks have been reported as follows:—

The 21st February, 1938. Shabsowar. (Million Sheet 8, Square 4.C.)

The 22nd February, 1938. Fumen. (Million Sheet 8, Square 3.B.)

6. Civil Aviation.

The *Journal de Téhéran* of the 11th March publishes a radio message from Jask, stating that a French machine has crashed near Jask and that its six occupants have been burnt to death.

7. Iranian Army.

Sartip Puriya (M. A's personalities No. 158) has been relieved of his duties as General Officer Commanding 9th (Mekran) Division, and has been recalled to Tehran. His successor is Sartip Mahmud Amini.

8. Military Publications.

Issue No. 12, Volume I, of *Piyada Nizam (Infantry Journal)* contains nothing of interest to the General Staff.

G. D. PYBUS, Lieutenant-Colonel.

Tehran, March 12, 1938.

[E 1713/130/34]

No. 25.

Mr. Butler to Viscount Halifax.—(Received March 28.)

(No. 93 E.)

My Lord,

Tehran, March 9, 1938.

WITH reference to Mr. Seymour's despatch No. 117 E. of the 27th March, 1937, I have the honour to transmit to you herewith the estimates of the budget for the Iranian year 1317 (the 21st March, 1938, to the 20th March, 1939).⁽¹⁾

2. The budget has been balanced with a surplus of nearly £24,000 and, as usual, the press is full of praise and attributes this satisfactory state of affairs to His Imperial Majesty.

3. The total revenue is estimated at 1,528,892,648 rials (just over £19 million), an increase of 281,093,837 rials (£3·5 million) on the budget estimates for 1937-38. Expenditure is estimated at 1,527,018,564 rials, showing an increase of 278,986,827 rials (£3·4 million) over last year's figure.

4. On the revenue side an increase of 15 million rials (£185,000) over last year's estimate is expected from direct taxation, and 14 million rials (£160,000) from indirect taxation. As so far there has been no indication that the Government are contemplating the introduction of any new taxes, the increases are anticipated from taxes already in force.

5. The receipt from Customs, which for the year 1937-38 were estimated at 362 million rials (£4·5 million), are shown at 421 million rials (£5·25 million) in the estimates for the new year, an increase of 59 million rials. Receipts from the monopoly companies are also expected to increase by 62 million rials (£775,000). Other notable increases include 46 million rials which the mining industry is expected to yield, and 50 million rials from Government investments.

6. On the expenditure side an increase of 45 million rials (£562,500) is shown in the estimates of the Ministry of War, which, including the gendarmerie, amount to 354,408,380 rials (£4,430,000), or nearly 24 per cent. of the whole budget. The estimates for 1937-38 amounted to 309 million rials (£3,867,600).

7. The Ministry of Public Instruction's estimates are similarly on the increase for, whereas they amounted to 71 million rials in the previous budget, they are now increased to 81 million rials.

8. On the other hand, a notable drop in expenditure is shown in the estimates of the Ministry of Roads and Communications, where, under the item railways, a sum of 105 million rials (£1,312,500) is budgeted for 1938-39 as compared with 200 million rials (£2,500,000) in the previous budget. This decrease of £1,187,500 is presumably due to the fact that exploitation of all the northern section of the railway from Bander Shah to Tehran and on to Qum has already commenced, and that several expensive lots in the southern section have been completed by the contractors.

9. The estimates of the Ministry of Industry and Mines have increased from 154 million rials (£1,900,000) in the previous budget to 256 million rials (£3,200,000) for the new year. This year's estimates include credits in respect of the following: 101 million rials for the administration of mines, 36 million rials for the completion and exploitation of the cement factory, 30 million rials in connexion with the spinning and weaving industry, 92 million rials to assist the sugar industry (this figure includes the sum of 7,300,000 rials to be paid to the Banque Mellie, Iran, in respect of interest and capital), 18 million rials for the glycerine and soap factory now in course of construction near the cement factory at Tehran, and 14 million rials for the construction of the gas mask factory which is also being installed close to Tehran.

10. Other items of interest which appear under "miscellaneous expenses" include the sum of 17 million rials for the building of new customs warehouses, 1,500,000 rials increased capital of the Agricultural and Industrial Bank, 60 million rials in connexion with the silos which are now being erected in various grain centres, 5 million rials for the construction of a new factory for husking rice, 10 million rials for the purchase of a sand carrier boat, and 30 million rials towards the stabilisation of cereal prices.

⁽¹⁾ Not printed.

11. The annual payments of the Anglo-Iranian Oil Company (Limited) for royalties and taxation are not included in the budget: these are always paid into the Government reserves abroad and are used when important purchases in foreign currency have to be effected. Proceeds of the Sugar and Tea Monopoly Tax, devoted to railway construction, and the bulk of the Road Tax are also left out of the budget.

12. I am sending copies of this despatch to the Department of Overseas Trade, to the Secretary to the Government of India in the External Affairs Department and to His Majesty's Ambassador at Bagdad.

I have, &c.

NEVILLE BUTLER.

[E 1752/1752/34]

No. 26.

Sir M. Peterson to Viscount Halifax.—(Received March 29.)

(No. 106 E.)

My Lord,

Bagdad, March 22, 1938.

WITH reference to Tehran despatch No. 448 of the 4th December last, I have the honour to report that a weekly air mail service between Tehran, Kermanshah and Bagdad was inaugurated on the 15th March, the birthday of Reza Shah.

2. For this service, which appears to be operated under the auspices of the Iranian Postal Department, Dragon Rapide planes are used. These are scheduled to leave Tehran on Tuesdays, and Bagdad, on the return journey, on Wednesdays. The time taken from Tehran to Bagdad is from four to five hours, as compared with about thirty-six hours by road.

3. The first aeroplane to arrive from Tehran carried mail, but returned empty, as negotiations with the Iraqi Government for the transport of mail to Iran had not at that time been completed. With effect from to-day, however, air mails are despatched from Bagdad to Kermanshah and Tehran, at the following surcharge rates:—

Air mail letter cards: 4 fils each.

Postcards: 6 fils each.

Letters and other articles: 12 fils per 10 grammes or fraction.

4. It is expected that freight and passengers will be carried in about one month's time.

5. Messrs. Imperial Airways (Limited) are local agents for the new service.

6. I am sending a copy of this despatch to the Department of Overseas Trade, and to His Majesty's Chargé d'Affaires at Tehran.

I have, &c.

MAURICE PETERSON.

[E 2053/43/34]

No. 27.

Mr. Butler to Viscount Halifax.—(Received April 11.)

(No. 116.)

My Lord,

Tehran, March 25, 1938.

WITH reference to Mr. Seymour's despatch No. 446 of the 4th December last, I have the honour to report that I have now learnt from His Majesty's consul for Khuzistan that the rebel Bahmai chieftain, together with a number of his relatives and followers, has at last surrendered. The reason appears to be that the locally engaged militia, backed by the military, hunted the rebels from

[18215]

D

mountain to mountain, inflicting losses, and finally captured Khoda Karam Khan's chief wife. By this vigorous pursuit the rebels' morale was crushed and all is now reported quiet in Kuhgilu.

2. On the orders of Tehran, Khoda Karam Khan and his intimate followers, to the number of about seventy, were shot, photographs being taken before and after the execution. The military plundered the outlaws' camp and No. 13 regiment arrived back in Ahwaz laden with loot. It is stated that various Bahmai prisoners in Ahwaz are to be settled at Ahu Dasht.

3. I am sending a copy of this despatch to the Secretary to the Government of India in the External Affairs Department.

I have, &c.
NEVILLE BUTLER.

[E 2055/167/34]

No. 28.

Mr. Butler to Viscount Halifax.—(Received April 11.)

(No. 123.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 7 for the period ending the 26th March, 1938, compiled by the military attaché to this Legation.

Tehran, March 26, 1938.

Enclosure in No. 28.

(Secret.)

Intelligence Summary No. 7 for the Period ending March 26, 1938.

1. British Interests.

MAJOR G. D. PYBUS, 11th Sikh Regiment (King George's Own), relinquished his appointment as British military attaché on the 25th March. He has been succeeded by Lieutenant-Colonel H. J. Underwood, 15th Punjab Regiment.

2. The Shah.

On the occasion of the birthday of His Imperial Majesty the Shah (said to be his 60th) the usual banquet at the Gulistan Palace, followed by a reception, was held. For the first time the Crown Prince was present at the dinner.

On the Iranian New Year's Day (the 21st March) His Imperial Majesty held the usual levée for the Diplomatic Corps.

3. Iranian Officials.

Abul Qasim Faruher (Military Attaché's Personalities, No. 62 (i), Foreign Office Personalities, No. 83), Minister of the Interior, has been appointed Minister of Industries and Mines in place of Saiyid Mehdi Farrukh, Motassim-us-Saltaneh (Military Attaché's Personalities, No. 60 (ii)).

4. Treaties and Agreements.

Reference Intelligence Summary No. 6 (current), paragraph 3. The treaties and agreements referred to have passed the second reading in the Majlis.

5. Civil Aviation.

Reference Intelligence Summary No. 24 of 1937, paragraph 5. The weekly air mail service from Tehran to Kermanshah has been extended to Bagdad. The machine leaves Tehran every Tuesday and returns on Wednesday.

6. Communications.

(a) *Railways.*—A press report in the *Ittelaat* of the 17th March, the accuracy of which has been confirmed by an employee of Kampsax, states that a branch line is being constructed between Semnan (million sheet 16, square 1. B) and Qishlaq (million sheet 16, square 1. A). Qishlaq, which is also known as Garmsa, is 114.5 kilom. distant from Tehran on the Tehran-Bandar Shah section of the Trans-Iranian Railway.

The levelling of the track was begun on the 15th March. The length of this branch line is said to be 114 kilom. As this track will keep south of the mountainous country near Firuzkuh, no engineering difficulties should be encountered.

Semnan has recently come into prominence as a possible oil and iron mining centre.

No rumour of this project had been heard, and it is interesting that construction of this line should have received preference over the larger project of the Tehran-Turkey line, of which so much has been heard in the last year.

(b) *Telegraphs.*—The Government has decided to construct a telephone line between Ahwaz and Isfahan through the Bakhtiari country. At the moment it has not been decided whether the line will follow the Lynch Road or the new proposed road from Ahwaz to Isfahan (see Intelligence Summary No. 17 of 1935, paragraph 7).

7. Tribal: Bahmai.

Reference Intelligence Summary No. 6 (current), paragraph 4 (i). A consular source reports that some seventy followers of Khuda Karam Khan were also shot.

No. 30 Infantry Regiment is still at Ram Hormuz.

8. Iranian Navy.

(i) According to a consular source, the Iranian naval motor boat No. 5 was wrecked off the Biaban coast by a fierce gale, which also drove the sloop *Shahrugh* to Hormuz for shelter.

(ii) The old gun-boat *Shahin*, which has been out of order for some time, has been repaired by Italian engineers. She sailed from Khorramshah for Bandar Shahpur on the 12th February.

9. Iranian Army.

At the session of the 17th March, 1938, the Majlis voted a supplementary credit of £2 million for the needs of the army. This sum is to be found from Government reserves.

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

[E 2084/659/34]

No. 29.

Mr. Butler to Viscount Halifax.—(Received April 12.)

(No. 113.)

My Lord,

Tehran, March 24, 1938.

I HAVE the honour to report that it has been announced that work has been started on a branch line to connect Semnan with the Trans-Iranian Railway at Qishlaq, 114.5 kilom. from Tehran. The new line will be of about 114 kilom. and is intended for the transport to the foundry under construction at Aminabad of the Semnan iron deposits. I understand that no great engineering difficulties are involved in this scheme.

2. Work on the southern section of the railway is being hastened, and it would appear that the whole line might be completed by the end of this year.

[18215]

D 2

3. I understand that a stock of 50,000 tons of cement is held at the factory near Tehran for use on the Tehran-Tabriz Railway, which will presumably be commenced on the completion of the Trans-Iranian. The proposed alignment will apparently follow the Tehran-Tabriz road up to Zendjan, when it will turn to the west in order to avoid the mountainous districts, and will probably go near Saoudjbulagh and through Maragha to Tabriz. From Tabriz to Qotur on the Turkish frontier the branch line of the Djulfa Railway, from Sofian to Sharafkhaneh on the northern shore of Lake Urmia, may be used, or possibly a new branch line may be laid from Morand through Khoi to Qotur. Though the detour from Zendjan will lengthen the distance from Tehran to Tabriz, it is expected to save expenditure, as apparently very little tunnelling will be necessary.

4. I am sending a copy of this despatch to the Department of Overseas Trade, to the Secretary to the Government of India in the External Affairs Department, and to His Majesty's Ambassador at Bagdad.

I have, &c.

NEVILLE BUTLER.

[E 2372/167/34]

No. 30.

Mr. Butler to Viscount Halifax.—(Received April 26.)

(No. 146.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 8 for the period ending the 9th April compiled by the military attaché to this Legation.

Tehran, April 9, 1938.

Enclosure in No. 30.

(Secret.)

Intelligence Summary No. 8 for the Period ending March 9, 1938.

1. Iranian Diplomatic Appointments.

HIS Excellency Said Muhammad (Said-ul-Vizareh) (Military Attaché's Personalities, No. 185; Foreign Office Personalities, No. 171), Iranian Minister at Rome since June 1936, has been appointed Ambassador at Moscow in place of Sipahbudi, Anushirwan (Military Attaché's Personalities, No. 206; Foreign Office Personalities, No. 179), who has been recalled to Tehran.

2. Communications.

Railways.—The section Qum (million sheet No. 9, square C 2), and Rahgird (million sheet No. 9, square C 2), has been completed and is now open for traffic. Rahgird is 67 kilom. south-west of Qum and 73 kilom. from Iraq (Sultanabad).

3. The Majlis.

The 43rd session of the Majlis was opened on the 3rd April. Hassan Isfandiyari (Muhtashim-us-Sultaneh) (Military Attaché's Personalities, No. 85; Foreign Office Personalities, No. 73), was re-elected President of the Majlis by 98 votes out of 106.

Murteza Quli Bayat (Samsam-ul-Mulk) (Military Attaché's Personalities, No. 47; Foreign Office Personalities, No. 51), and Dr. Taheri were re-elected vice-presidents.

4. Conscription.

On the 4th April a new and detailed Bill to amend the existing Conscription Law was introduced into the Majlis for the first time by the Minister of War.

The Bill contains nineteen chapters and 116 articles with numerous notes and exceptions. It still appears very complicated. The total period of service is now divided up as follows:—

- (i) Two years with the colours (zir-i-parcham).
- (ii) Four years with the reserve (ihtiyat).
- (iii) Fourteen years with the 1st (supplementary) reserve (Zakhireh-i-ekam).
- (iv) Five years with the 2nd (supplementary) reserve (Zakhireh-i-duvum).

Naval recruits on first joining have to serve with the colours for two years and four months.

The Bill lays down in detail regulations for the constitution of local recruiting committees, methods of procedure, &c. It also specifies the periods for which students and professional men may be exempted from training.

Details are also given for the promotion of officers whilst serving with the reserve.

5. Tribal.

Baluchistan.—Reference Intelligence Summary No. 6 (current), paragraph 4 (ii). According to a consular report still no move has been made against the Ismailzais who continue their raids on Narui flocks. Juma Khan Ismailzai is said to be busy collecting ammunition. About the middle of February a Major Taimuriyan was sent on special duty to interview Juma Khan Ismailzai and give him a final warning.

6. The Iranian Army.

Sarhang (Colonel) Dr. Karim Hidayat (Military Attaché's Personalities, No. 75), has been promoted sartip (brigadier) at Shiraz in the 7th (Fars) Division.

7. Italian Interests.

The Italian warship *Eritrea* arrived at Khorramshahr on the 2nd March and left for Basra on the 7th. The Italian Minister and some members of the Italian mission made a special journey to Khorramshahr from Tehran to greet their fellow countrymen.

8. The Amiranian Oil Company.

The company originally intended to commence drilling operations in the Gurgan District south-east of the Caspian Sea, but recent discoveries north and south of Zahidan have led to a change in plans. The company are, however, meeting with unexpected difficulties with regard to the purchase of land. Most of the land in East Iran (nearly the whole of Seistan) is Crown land, and it is reported that extortionate prices are being demanded. Some of the land is also claimed as the personal property of His Imperial Majesty the Shah.

Mr. F. G. Clapp, the director of the Amiranian Oil Company, recently visited Tehran in this connexion.

From a consular source it is reported that pending a settlement of this difficulty the heavy drilling machinery, &c. (some 4,000 tons), which recently arrived at Bandar Shahpur, is being diverted to Basra and thence possibly to Afghanistan.

It is considered more likely that the question of transporting this machinery to the drilling areas is the main difficulty, as there are only three possible routes to the areas in question:—

- (i) Via Bandar Shahpur by rail and road. A very circuitous and difficult route.
- (ii) Via Charbar (a route favoured by the Iranian Government). This, however, is practically impossible as no unloading facilities exist at Charbar and the road north is only a rough track.
- (iii) Via Karachi and Nok Kundi (a route favoured by the company). Transport would, however, be difficult between Nok Kundi and Mirjawa, but it might be possible to improve the road or persuade the North-Western Railway of India to put the line into commission again as far as the frontier on payment of an agreed sum and the promise of regular business.

[18215]

n 3

9. *Iranian Baluchistan.*

Reference Intelligence Summary No. 6 (current), paragraph 7. Sartip Mahmud Amin (Military Attaché's Personalities, No. 14), the new General Officer Commanding the 9th (Mekran) Division at Khwash, is reported to be an efficient and energetic officer. He is a strict Mahometan, and as such has made a great impression.

Khwash itself is an insignificant place with a civil population of only 700. The garrison in the new barracks some 6 miles west of the town number about 1,300. It is proposed to build the new artillery lines much nearer the town.

10. *The French Military Mission.*

During March Général de Division Gendre, head of the French Military Mission, accompanied by several senior Iranian military staff officers from Tehran, visited and inspected military posts in the Pusht-i-Kuh area and subsequently frontier posts in Kurdistan.

11. *Espionage.*

According to a press report a special military court recently tried two Iranian civilians for alleged espionage at the offices of the Ecole militaire in Tehran. It is said that the accused were in the pay of a foreign Power. One of the accused was sentenced to death, the other to five years' imprisonment.

12. *Civil Administration.*

Reference Intelligence Summary No. 2 (current), paragraph 3 and Intelligence Summary No. 4 (current), paragraph 3. "Ustan" No. 3 and "Ustan" No. 4 should be amended to read as follows:—

- "Ustan" No. 3, comprises the following "Shahristan": Tabriz, Ardebil.
- "Ustan" No. 4, comprises the following "Shahristan": Khoi, Rezaieh, Mahabad, Maragheh, Bijar.

13. *Civil Aviation.*

The passenger service, operated by the Deutsche Luft Hansa Line between Berlin-Tehran-Kabul, has definitely commenced. The first aeroplane of the Junkers type left Tehran on the homeward journey on the 5th April with four Iranians as passengers. The cost of the journey to Berlin, which takes two days, is said to be 5,200 rials (£65 at the present rate of exchange) per passenger.

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Tehran, March 9, 1938.

[E 2592/2592/34]

No. 31.

Mr. Butler to Viscount Halifax.—(Received May 4.)

(No. 50.)

(Telegraphic.)

MY despatch No. 126.

Tehran, May 4, 1938.

United States Chargé d'Affaires has told me in particularly strict confidence that United States oil concessionaire companies in this country and in Afghanistan will shortly renounce their concessions and withdraw, as permitted by terms of concessions. He gave as reasons the disappointing results of their surveys and keen competition in oil industry.

PAGE(S) ... 39-92 ... EXTRACTED.

(CLOSED UNTIL 1989 ...)

of supplementary articles to the budget law published in the *Ittila'at* of the 18th March.⁽¹⁾ Of the seventeen articles, the following are the more interesting ones:—

2. Article 1. The paid-up capital of the Banque Mellie, Iran, is to be increased by purchases of gold.

3. Article 3 provides for a credit of £2 million for military requirements, and intimates that a sum of £800,000 paid out of reserves to meet expenditure on railway construction has been spent.

4. Article 6 authorises the Customs to insure against fire, with the Iran Insurance Company, all goods lying at custom-houses, from the date of arrival. The insurance premium will be collected from the owners of the goods when the goods are cleared, unless the owner has previously submitted his insurance documents. This practically enforced insurance will add to the cost of goods, which are usually bought c.i.f. at an Iranian port, and also offers an easy way to increase the receipts of the Iranian Insurance Company.

5. Article 9 authorises the Ministry of Finance to increase the capital of the Agricultural and Industrial Bank from 30 million rials to 100 million rials, the increase to be met by sales of Crown lands.

6. I am sending copies of this despatch to the Department of Overseas Trade, to the Secretary to the Government of India in the External Affairs Department and to His Majesty's Ambassador at Bagdad.

I have, &c.

NEVILLE BUTLER.

(¹) Not printed.

[E 2857/235/34]

No. 34.

Mr. Butler to Viscount Halifax.—(Received May 17.)

(No. 160.)

My Lord,

Tehran, April 22, 1938.

WITH reference to the unnumbered telegram to you of the 1st April from His Majesty's Minister at Kabul, I have the honour to state that the regular weekly service of the Lufthansa between Berlin and Tehran can now be said to be definitely established. The first aeroplane on the regular service left Tehran for Berlin on the 5th April, and the service has functioned regularly since then. It is understood, however, that the Lufthansa have not yet negotiated a written agreement with the Iranian Government regarding the service, and it is said that permission has to be obtained for each separate flight.

2. The aeroplane leaves Berlin on the outward journey at 12.30 A.M. each Friday (*i.e.*, during the night of Thursday to Friday) and arrives in Tehran at 6.40 A.M. on each Saturday morning. Stops are made at Belgrade, Athens, Rhodes, Damascus and Bagdad. On the return journey the aeroplane leaves Tehran at about 4 P.M. on each Tuesday and reaches Berlin at 7 P.M. on the following day. Only four passengers are carried; their seats enable them to lie down. The fares from Berlin are as follows: To Belgrade, 135 reichsmarks; to Athens, 238 reichsmarks; to Rhodes, 300 reichsmarks; to Bagdad, 650 reichsmarks; and to Tehran, 850 reichsmarks. The fare from Tehran to Berlin is 5,480 rials (£68 10s. at the official rate of exchange). The fare can be paid in rials.

3. The German aeroplane leaves Tehran on the same day each week as the aeroplane of the Iranian air service to Bagdad. It is, therefore, not surprising that the German service should not be allowed to take in at Tehran mails, passengers or freight for Bagdad. Nor may any outward mail be carried from Tehran, though it is believed that the aeroplanes bring mail from Berlin. All outward air mail from Tehran is carried by the Iranian service. It is understood that mail for Europe is transferred to the Lufthansa aeroplane at Bagdad on Tuesday evenings, except for mail for the United Kingdom, which is forwarded by Imperial Airways.

4. The service is not yet running regularly to Kabul.

5. I am sending copies of this despatch to the Secretary to the Government of India in the External Affairs Department; to the Department of Overseas Trade, London; and to His Majesty's representatives in Bagdad, Kabul and Berlin.

I have, &c.
N. BUTLER.

[E 2973/130/34]

No. 35.

Mr. Butler to Viscount Halifax.—(Received May 23.)

(No. 177 E.)

My Lord,

Tehran, May 5, 1938.

I HAVE the honour to invite reference to your despatch No. 111 of the 5th April last enclosing a copy of a communication from the Bank of England on the subject of the economic situation in Iran.

2. The situation does not at the moment inspire confidence, though I do not think that a crash is likely. Added to the admitted shortage of foreign exchange, a difficult position has recently developed as regards liquid money in the bazaar. In August 1937 the Banque Mellie Iran reduced their discount rates on bills and became more active in respect of advances. In March last the Banque Mellie suddenly started to restrict credit and to call in advances, which policy was subsequently followed by the Imperial Bank of Iran. Money has since then been very tight, and interest rates in the bazaar rose from about 15 per cent. to 24 per cent., and even 30 per cent.

3. It is generally thought that the severe restrictions are chiefly aimed at Iraqi and Jewish merchants who have found means to circumvent the exchange laws, and taken advantage of the facility of avoiding customs posts on Iran's long and difficult frontiers.

4. By curtailing credit and creating an acute shortage of money it is possible that the Government hope to force sales of foreign exchange and to bring down prices of commodities, which have risen abnormally in the last year or two. The value of the rial might also improve in relation to foreign exchange as a result.

5. The situation in the bazaar will, however, naturally improve when the new crops come in, and if the Iranian merchants can weather the storm for a few more weeks they may find themselves in an improved bazaar less hampered by commitments.

6. As regards requirements of foreign exchange, one must remember the Government's programme, which includes a new railway line from Tehran to Tabriz; a line of 114 kilom. to connect the Semnan iron-ore mines with the Trans-Iranian Railway; an expensive foundry near Tehran; a new cement factory at Burujird; expenses on the ports at Bandar Shapour and No Shahr and, not least, the military, naval and aircraft expenditure, which makes a sad hole in the Anglo-Iranian Oil Company's royalties. It is indeed difficult to see how Iran is going to be able to meet her commitments without raising a loan; and, if she should seek such a loan, to see what security would be available.

7. Apart from the non-renewal of the contracts of various foreign experts, there is no retrenchment and no talk of it.

8. I am sending copies of this despatch to the Department of Overseas Trade and to His Majesty's Ambassador at Bagdad.

I have, &c.
NEVILLE BUTLER.

[E 2974/62/34]

No. 36.

Mr. Butler to Viscount Halifax.—(Received May 23.)

(No. 178.)

My Lord,

Tehran, May 6, 1938.

WITH reference to Mr. Seymour's despatch No. 26 of the 25th January last, on the subject of the insurance legislation in Iran which resulted in the cessation of operations in Iran by several United Kingdom insurance companies. I now have the honour to transmit copies of the reply which the Iranian Government have at last returned to the representations made in this connexion. The

communication, which refers to an aide-mémoire left by His Majesty's Minister at the Ministry for Foreign Affairs, as reported in his telegram No. 11 of the 20th January, and to a subsequent aide-mémoire, based on the enclosure in Mr. Eden's despatch No. 20 of the 18th January, merely confirms what M. Ala told the commercial secretary to His Majesty's Legation, namely, that no change can be made in the law.

2. I am sending copies of this despatch to the Department of Overseas Trade.

I have, &c.
NEVILLE BUTLER.

Enclosure in No. 36.

Translation of a Note verbale from the Ministry for Foreign Affairs to His Majesty's Legation, dated Ordibehesht 12, 1317 (May 2, 1938).

THE Imperial Ministry for Foreign Affairs has the honour to acknowledge receipt of His Majesty's Legation's memoranda of the 18th January, 1938 (the 28th Dey, 1316), and the 18th February, 1938 (the 29th Bahman, 1316), respectively, concerning the regulations made under the decree of the 26th Mehrmah, 1316 (the 18th October, 1937), regarding insurance companies. The Ministry has the honour to state in reply that the competent quarters of the Imperial Government, having studied the Legation's memoranda, do not agree with the arguments advanced therein, because they do not consider that the enforcement of the regulations under the said decree will create difficulties for, or hinder the activities of, foreign companies. Moreover, as the regulations in question are general and apply to all foreign insurance concerns, those concerns which wish to continue their activities in Iran must adapt themselves in every way to the requirements of the said regulations, and must operate in accordance with their provisions.

(Seal of the Ministry for Foreign Affairs.)

[E 2967/167/34]

No. 37.

Mr. Butler to Viscount Halifax.—(Received May 23.)

(No. 164.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 9 for the period ending the 23rd April, 1938, compiled by the military attaché to this Legation.

Tehran, April 23, 1938.

Enclosure in No. 37.

(Secret.)

Intelligence Summary No. 9 for the Period ending April 23, 1938.

1. Iranian Officials.

His Excellency Hussain Ala, C.M.G. (Muin-ul-Vizareh) (Military Attaché's Personalities, No. 9; Foreign Office Personalities, No. 11), has been relieved of his duties as president of the Committee of Government Monopoly Companies and Minister of Commerce. It is said that he was handed a slip of paper from the Shah, which merely stated that he was no longer a Minister.

He was raised to the rank of Cabinet Minister in October 1937.

Vassighi, Under-Secretary in the Ministry of Commerce, has been appointed acting Minister.

2. The Iranian Army.

(i) From reliable sources, it is reported that the artillery tractors purchased in Germany for the Iranian army have proved unsatisfactory. Their consumption of petrol is excessive, viz., 200 litres per 100 kilom. The transmission shafts are not covered, and frequently jam as a result of becoming coated with dust. The body length is also too long and difficulty is experienced in negotiating corners and hairpin bends.

(ii) It is reported from a reliable source that the Telefunken Company of Germany are to supply 160 portable field wireless sets to the Iranian army. It is said that these will be distributed at ten sets per division.

(iii) The military garrison at Bundar Abbas has been reduced from one regiment to three companies of infantry. The garrison will now come under the Kerman Independent Composite Brigade.

(iv) Sarhang (Colonel) Ali Akbar Siahpush (Military Attaché's Personalities, No. 253), Commanding the Kerman Independent Composite Brigade, has been promoted Sartip (brigadier).

He formerly commanded the 5th (Senneh) Brigade, and was in charge of the Bashagird operations.

3. Conscription.

Reference Intelligence Summary No. 8 (current), paragraph 4. During the discussion on the new Conscription Bill now before the Majlis, Ettessam Zadeh, a Deputy for Tehran, proposed that the Ministry of War formulate plans for the conscription of Iranian women during war time for service with hospitals, offices, &c. This proposal, which caused a mild sensation in the capital, has been referred to the War Committee.

4. Espionage.

Reference Intelligence Summary No. 8 (current), paragraph 11. During the period under review the Iranian press devoted several heated columns to the recent espionage trial and spies and traitors in general.

Each individual officer of the Tehran Garrison has received a printed order from the Ministry of War calling attention to this espionage trial, and forbidding them to discuss military subjects anywhere.

5. The Amiranian Oil Company.

Mr. F. G. Clapp, vice-director of the Amiranian Oil Company, accompanied by geologists, again visited areas in the vicinity of Gomosh Tapeh (Gumish Tapeh) and Naphite Lidjeh,⁽¹⁾ approximately 3 kilom. from Gomosh Tapeh (million sheet 15, square 3 C).

Both these places are situated north of Bundar Shah (million sheet 15, square 4 B).

6. Communications.

Railways.—Reference Intelligence Summary No. 2 (current), paragraph 7. A service of motor rail cars is now running three times weekly (Mondays, Wednesdays and Fridays) between Tehran-Qum-Tehran. The distance by rail is 180 kilom. and the journey takes approximately three-and-a-half hours.

Roads.—According to a press report, work has commenced on a new road from Bundar Pahlevi to Astara (million sheet 9, square A 2) on the U.S.S.R. frontier.

It is reported that the Directorate-General of the Turkish State Railways has organised a regular motor coach and lorry service between Bazagird (Iran-Turkish frontier) and Trebizond. Passengers, luggage, goods and merchandise are carried at fixed rates.

7. Baluchistan Frontier: Iranian Survey.

It is understood that an Iranian survey party intend surveying the Iranian border at Gorani, 80 miles south-east of Mirjawa, moving north-west. The commission will be headed by General Abdul Rezzak, who was a member of the East Boundary Commission. The survey operations will continue to some date in May.

⁽¹⁾ Presumably meant for Khwaja Nafas.

8. Refugees.

According to press reports a large number of refugees have recently arrived in Bundar Pahlevi, and are being cared for by the local authorities. On the 7th April as many as 1,250 persons landed. The press are careful not to mention who these refugees are and from whence they came. It is, however, known that they are Iranian subjects who recently resided in Russia. This action is probably being taken in retaliation for the expulsion of Russians from Iran during recent months.

9. Italian Interests.

Reference Intelligence Summary No. 8 (current), paragraph 7. It is learnt from a consular source that the Italian naval visit did not create a favourable impression either amongst the Iranian officials at Khurramshahr or the townspeople.

10. Changes in Place Nomenclature.

The name of the Tehran suburb of Shah Abdul Azim (million sheet 9, square D 1) has been officially changed to Shahr Rei. This suburb is built close to the original site of the ancient city of Rei (Raghas) and contains the well known shrine of Shah Abdul Azim.

The name of Ashraf (million sheet 15, square B 4) has been altered to Behshahr.

11. The Crown Prince.

His Imperial Highness the Crown Prince continues his studies at the officers' school in Tehran.

Recently he visited the new National Bank building. The banking system was explained to him by Sartip Khosrovi, president of the National Bank, and afterwards, accompanied by members of the Cabinet and the General Staff, he toured the building.

12. Civil Aviation.

Reference Intelligence Summary No. 8 (current), paragraph 13. The Deutsche Lufthansa Berlin-Tehran-Berlin passenger service is now operating to the following summer schedule:—

	Hours.		Hours.	
	0'30	Berlin	19'00	
First	5'30			
breakfast	6'00	Belgrade	14'00	Lunch
			12'40	
Second	11'00			
breakfast	11'30	Athens	9'40	Breakfast
			9'10	
Lunch	13'30			
	14'30	Rhodes	7'00	Warm
			5'50	drinks
Dinner	18'30			
	19'30	Damascus	2'00	
			23'40	
Snack	0'10			
	3'50	Bagdad	21'00	Dinner
			18'50	
	6'40	Tehran	16'00	

Cost of tickets—

	Reichsmarks.
Berlin-Belgrade ...	135
Berlin-Athens ...	238
Berlin-Rhodes ...	300
Berlin-Bagdad ...	650
Berlin-Tehran ...	850

or 5,480 rials or £68 at the present rate of exchange. A reduction of 20 per cent. is made on return tickets.

The machines fly regularly on to Kabul, but the carrying of passengers to and from the Afghan capital has not yet been officially authorised. This is expected at a very early date.

The extension of this air line to the Far East is foreshadowed as soon as conditions there become normal.

The journey from Tehran-Berlin normally takes twenty-seven hours, the service would, therefore, appear to be one of the world's fastest. It is understood that Deutsche Lufthansa intend employing machines with accommodation for forty passengers, and with a cruising speed of 200 m.p.h., later in the year.

No mails or passengers may, at present, be conveyed by this air line between Tehran and Bagdad, as this would compete with the Iranian State Air Line now operating between Tehran-Kermanshah-Bagdad.

It is understood that numbers of Europeans and Iranian passengers have already booked passages to Berlin by this line.

H. J. UNDERWOOD, *Lieutenant-Colonel,
Military Attaché.*

Tehran, April 23, 1938.

[E 2978/167/34]

No. 38.

Mr. Butler to Viscount Halifax.—(Received May 23.)

(No. 182.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 10 for the period ending the 7th May, 1938, compiled by the military attaché to this Legation.

Tehran, May 7, 1938.

Enclosure in No. 38.

(Secret.)

Intelligence Summary No. 10 for the Period ending May 7, 1938.

1. *The Shah.*

HIS Imperial Majesty the Shah, accompanied by the Crown Prince and a small personal staff, left Tehran for Mazanderan by rail on the 1st May.

2. *British Interests.*

Lieutenant-Colonel H. J. Underwood, British military attaché, left Tehran for Bagdad on the 1st May.

3. *Travellers.*

The following officers arrived in Tehran during the period under review. They were in transit from India to Europe:—

Major E. H. Gastrell, O.B.E., Indian army, and wife.

Captain C. V. Griffin, Royal Engineers.

Lieutenant G. W. M. Kendrick, 2nd Battalion, the South Staffordshire Regiment.

Mr. A. O'Brien Thompson, attached C.R.E.'s Branch, Army Headquarters, Simla.

4. *French Military Mission.*

The contracts of several senior officers of the French Military Mission, including that of Général de Division Gendre, expire within the next few months. So far, the Iranian Government have made no application to the French Government for other officers to take their places. It is rumoured that they do not intend to do so.

5. *Amiranian Oil Company.*

Actual drilling operations have not yet commenced. It is reported that the Safidawa area (degree sheet 30 B, square C 1) has been abandoned. Experts are now working near the former Russian concession as Semnan (degree sheet 16 E, square B 2) and also at Kalparkan (degree sheet 31 I, square C 4), south-east of Dizzak (Dizak) (degree sheet 31 I, square B 3), not far from the Irano-Baluchistan border.

6. *Minerals.*

According to a press report, a new red oxide mine has been discovered close to the port of Bandar Abbas (million sheet No. 25, square A 1). The mine is estimated to contain over 2 million tons of red oxide. A road is being constructed to the mine.

7. *Baluchistan Frontier—Iranian Survey.*

Reference Intelligence Summary No. 9 (current), paragraph 7. Sartip (Brigadier) Abdul Rezzak Baghairi has commenced work on the survey of the Irano-Baluchistan border. He visited Zabul in March to inspect the Irano-Afghan pillars.

8. *Refugees.*

Reference Intelligence Summary No. 9 (current), paragraph 8. Many destitute Iranian subjects who have been turned out of the U.S.S.R. (Turkestan) are now arriving in large numbers at Meshed.

9. *German Interests.*

(i) The gas-mask factory which is being constructed by the German firm "Aver" of Berlin at Wanak (degree sheet 9 M, square 1 B), situated approximately 6 miles north of Tehran, is nearing completion. The predicted daily output, when in commission, is 330 gas masks per working day of eight hours.

Nine million rials (about £112,500) was provided for the construction of this factory in the budget for the Iranian year 1316 (the 21st March, 1937–20th March, 1938).

(ii) The powder factory at Parchin (degree sheet 9 M, square C 2), which is under the direction of Swedish personnel, it being considerably enlarged. The work has been entrusted to the German firm of Golzern die Grima (Saxe). At present its daily output is approximately 31 cwt. The quality of the powder is said to be poor.

(iii) Two barges of the capacity of 250 tons each and one motor boat fitted with an engine of 200 h.p. recently arrived at Bandar Shahpur from Germany. It is reported that two more barges of a similar capacity have been ordered and will be delivered shortly.

10. *Communications—Railways.*

(i) The Iranian Government are themselves carrying out the construction of the new branch line between Qishlaq (million sheet No. 16, square 1 A) and Semnan (million sheet No. 16, square 1 B). If this project is successful, it is rumoured that the line will eventually be extended to Meshed.

(ii) From a reliable source it is reported that the Iranian Government also intend to construct themselves a new railway line from Tehran-Tabriz (Turkish frontier).

The alignment will be as follows:—

Tehran (million sheet No. 9, square 1 D)—Kazvin (million sheet No. 8, square 3 B)—Zinjan (million sheet No. 8, square 1 A)—Mianeh (million sheet No. 1, square 3 D)—Tabriz (million sheet No. 1, square 2 C).

Survey work for this line, which is expected to take a year, will commence almost immediately.

The railway is expected to take three years to construct. Consortium Kampsax, the contractors of the northern and southern sections of the Trans-Iranian Railway, will remain in Iran to watch the Government's operations.

(iii) Reference Intelligence Summary No. 8 (current), paragraph 2. According to a press report, the Trans-Iranian line has been completed as far as Nunehgird, 19 kilom. south-west of Rahgird (million sheet No. 9, square 2 C) and 53 kilom. from Iraq (Sultanabad).

[18215]

11. *Iranian Army.*

(i) It is reported from Kermanshah that during the past few months numerous conscripts have deserted from the Kermanshah garrison. The reason is said to be due to the cruel treatment meted out by non-commissioned officer instructors to those conscripts who fail to pay them bribes in order to obtain immunity from oppression and maltreatment.

(ii) During the past few months there has been a good deal of building activity at the Kermanshah barracks, which have been considerably extended. The demand for bricks and lime to meet military requirements has been so heavy that the plans of private builders have been considerably curtailed. The military authorities have virtually requisitioned all the supplies of bricks and lime and have fixed what prices they would pay for the building materials. Soldiers have been posted at many kilns and have forcibly seized the bricks produced; this high-handed action has caused much discontent.

(iii) Reference Intelligence Summary No. 7 (current), paragraph 7. The 30th Infantry Regiment has returned to Ahwaz from Ram Hormuz. This regiment has been suffering from typhoid fever. A considerable number of soldiers have died in hospital and several officers are still reported dangerously ill.

(iv) Sar Lashgar (General) Attabuy, Chief Medical Officer of the Iranian army, recently visited Khurramabad, Ahwaz, Andimishk (Salehabad), Dizful and Bandar Shahpur. He was accompanied by four medical staff officers from Tehran.

(v) Some 2,000 troops of the Meshed Division of the Iranian army were taken to see the British film "Brown on Resolution." A lecture on patriotism was given to the men beforehand.

(vi) Naib Sarhang (Lieutenant-Colonel) Mukri (military attaché's Personalities, No. 132), Governor-General of Mekran, has been promoted to the rank of Sarhang (colonel). Sartip (Brigadier) Moini (military attaché's Personalities, No. 127—Foreign Office Personalities, No. 125) has been promoted to the rank of Sar Lashgar (general).

(vii) Reference Intelligence Summary No. 5 (current), paragraph 8 (ii). The Iranian Ministry of War has now issued an order that officers may wear mufti after parade hours.

12. *Iranian Navy.*

Naokhuda (Commander) Bavendor (military attaché's Personalities, No. 48) has been promoted Naokhuda Yek (Captain).

13. *Tribal.*

(i) Reference Intelligence Summary No. 8 (current), paragraph 5. A consular report states that Juma Khan Ismailzai and his followers continue indiscriminate raiding on neighbouring tribes. He will now find it difficult to obtain asylum in Afghanistan, and, if he has eventually to leave Iran, his only refuge is said to be with the Nawab of Kharan.

(ii) Foreigners are not allowed to reside or carry on business in tribal areas. The few British Indian traders in Persian Mekran are being forced to move to Zahidan.

(For military attaché, absent on duty),
S. MITCHELL.

[E 2972/159/34]

No. 39.

Mr. Butler to Viscount Halifax.—(Received May 23.)

(No. 174 E.)

My Lord,

Tehran, May 2, 1938.

WITH reference to Mr. Seymour's despatch No. 177 E. of the 17th May, 1937, I have the honour to transmit to you, under separate cover, (1) three copies of the tableau général issued by the Iranian Customs Administration for the economic year from the 22nd June, 1936, to the 21st June, 1937. A memorandum by the acting commercial secretary to this Legation on the foreign trade of Iran during the above period is enclosed herein.

(1) Not printed.

2. The figures of both imports and exports have increased, and the adverse balance of "commercial" trade amounts to £2,341,438, as compared with £1,810,360 in the previous year.

3. Imports from the Soviet Union and Germany represented over 50 per cent. of the total commercial imports, and exports (exclusive of oil) to these two countries accounted for about 60 per cent. of total commercial exports.

4. Commercial imports from the United Kingdom show a considerable drop compared with figures for the previous year, due chiefly to German competition, which enjoyed the facilities afforded by the Irano-German payment clearing agreement. Even if the duty-free imports are taken into account—about 140·5 million rials from the United Kingdom and about 36 million rials from Germany—total imports from the United Kingdom were about 20 million rials less than the German total.

5. Imports from India show a considerable increase, thanks to large imports of tea, whilst Japan lost ground owing to greatly decreased imports of cotton piece-goods.

6. Oil exports by the Anglo-Iranian Oil Company were considerably more than during the previous year, the sterling value showing an increase of £4,423,962.

7. I am sending copies of this despatch to the Department of Overseas Trade, to the Secretary to the Government of India in the External Affairs Department, to the Governor of Burma, to His Majesty's Ambassador at Bagdad and to His Majesty's representative at Bushire.

I have, &c.
NEVILLE BUTLER.

Enclosure in No. 39.

*Memorandum respecting the Foreign Trade of Iran during the Year
June 22, 1936, to June 21, 1937.*

FIGURES taken from the tableau général of the Customs Administration show the general position of imports and exports as follows, with comparative figures for the previous year:—

	1935-36. 1,000 rials.	1936-37. 1,000 rials.
Commercial imports ...	803,833 (£9,257,555)	865,949 (£10,757,129)
Duty-free imports ...	225,597 (£2,598,143)	207,468 (£2,577,245)
Total imports ...	1,029,430 (£11,855,698)	1,073,417 (£13,334,374)
Commercial exports ...	646,640 (£7,447,200)	677,463 (£8,415,691)
Oil exports ...	1,296,299 (£14,929,160)	1,557,926 (£19,353,122)
Caspian Fisheries exports ...	13,053 (£130,320)	11,575 (£143,783)
Total exports ...	1,955,992 (£22,526,680)	2,246,964 (£27,912,596)

The official conversion rates for the two years were:—

1935-36 ...	86·83 rials to £1
1936-37 ...	80·50 rials to £1

The adverse balance of "commercial" imports and exports in 1937 was 188,485,750 rials (£2,341,438), as compared with 157,193,583 rials (£1,810,360) in the previous year.

Imports.

The U.S.S.R. "commercial" imports in 1936-37 were valued at 277,858,090 rials (£3,451,650), or 32 per cent. of the total; Germany, with 190,412,040 rials

[18215]

H 3

(£2,365,367), supplied 22 per cent., so more than half of total commercial imports were of Soviet and German origin. Soviet imports were principally sugar, 82.6 million rials; cotton piece-goods, 82.5 million rials; iron and steel in bars and worked, 43.5 million rials. German imports included machinery, 42.7 million rials; worked metals, 34 million rials; woollens and mixtures, 18.4 million rials; constructional iron and steel, 10.2 million rials; and copper and brass, 10 million rials.

Imports from the United States of America amounted to 81,455,675 rials (£1,011,870), the bulk of which represented 1,632 lorries valued at 34 million rials, 1,028 cars valued at 15.5 million rials and 12.8 million rials' worth of tyres and tubes.

United Kingdom commercial imports fell from 84.9 million rials (£977,834) to 65.9 million rials (£818,385), chiefly due to the decrease in imports of machinery. The principal imports were cotton piece-goods, 18.9 million rials (£234,680); machinery, 6 million rials (£75,430); worked metals, 5.7 million rials (£71,686); four locomotives, 4.4 million rials (£54,660); and explosives, 3.5 million rials (£43,095). Out of the duty-free imports amounting to 207,468,198 rials (£2,577,245), 140.5 million rials (£1,746,370) was of United Kingdom origin. Of this, the Anglo-Iranian Oil Company imported for 137,765,000 rials (£1,711,370). The total imports from the United Kingdom therefore amounted approximately to 206.5 million rials, or £2,565,000. German duty-free imports amounted to 36.1 million rials (£448,750), of which 31.1 million rials (£387,000) represented machinery and metals imported for Government institutions.

Imports from India rose from 56.5 million rials (£651,048) to 89.5 million rials (£1,112,370), of which tea accounted for no less than 70.6 million rials (£877,790), but exports fell by about 50 per cent.

Japanese imports fell considerably, owing to a drop in cotton piece-goods imports, from 32.7 million rials in 1935-36 to 13.5 million rials in 1936-37.

Tables showing the value of imports from the principal importing countries are annexed.

Exports.

(A) *Mineral Oil Exports.*—The value of exports of the Anglo-Iranian Oil Company (Limited) shows a considerable increase of 261.6 million rials, the sterling equivalent showing a large increase of £4,423,962, owing to the lower rate of conversion in 1937. The principal countries of destination were:—

	Approximate tons.	Rials.
United Kingdom	2,836,653	644,328,300
Egypt	1,073,710	193,311,710
Aden	844,129	115,875,250
South Africa	500,014	113,246,680
India	573,488	89,740,300
Italy	399,667	74,922,240
Australia	314,925	69,900,800

(B) *Other Exports.*—Exports to the U.S.S.R., including Caspian Fisheries exports, amounting to 281,333,227 rials (£3,494,820), represented just over 40 per cent. of the total exports, exclusive of Anglo-Iranian Oil Company's oil shipments; last year the percentage was 30.2 per cent. Germany's share of exports was 19.8 per cent. in 1937, so these two countries absorbed about 60 per cent. of ordinary exports. The principal exports to the U.S.S.R. were cotton 86.7 million rials, lambskins 32.2 million rials, wool 29.1 million rials, rice 26.8 million rials and almonds 20 million rials; whilst Germany took carded wool and goat's hair 34.7 million rials, casings 20.3 million rials, carpets 15.2 million rials, cereals 13.7 million rials, hides and skins 10.3 million rials, apricots, gums and opium.

Exports of carpets improved from 121.2 million rials to 150.2 million rials in 1936-37. The United States was the most important buyer with 60.1 million rials, the United Kingdom being second with 34.8 million rials.

Annex to Enclosure.

Imports from Principal Importing Countries.

(Exclusive of non-dutiable goods.)

I.

	1935-36. 1,000 rials.	1936-37. 1,000 rials.
U.S.S.R.	241,108	277,858
Germany	119,112	190,412
United Kingdom	84,905	65,880
United States	83,247	81,455
Japan	78,274	33,616
India	56,530	89,546

II.—Imports of Cotton Piece-Goods.

Total imports	163,183	127,821
U.S.S.R.	81,980	82,535
Japan	52,710	13,546
United Kingdom	14,910	18,892
India	8,260	6,926
Germany	24	1,856

III.—Imports of Pure Woollens.

Total	19,462	30,498
United Kingdom	6,620	5,908
Belgium	4,390	3,268
France	2,920	1,531
Germany	1,440	14,547
Italy	1,620	260

IV.—Imports of Machinery (exclusive of locomotives).

Total	81,212	66,310
Germany	30,625	42,697
United Kingdom	17,020	6,072
Czechoslovakia	11,236	2,142
U.S.S.R.	4,187	3,426
France	3,975	2,080

V.—Railway Rolling-Stock.

Locomotives—	Number.	1935-36. 1,000 rials.	Number.	1936-37. 1,000 rials.
Germany	1	47	1	48
Holland	3	331	1	141
Sweden	...	...	12	11,629
United Kingdom	...	...	4	4,400

Trucks of all sorts and coaches—

Germany	245	478	81	91
Sweden	70	1,238	203	7,150
United Kingdom	9	54	68	374
France	4	2	1	1
U.S.S.R.	...	...	20	521

VI.—Motor Lorries and Buses.

United States	1,029	28,544	1,632	34,050
United Kingdom	137	9,166	46	990
U.S.S.R.	28	521	248	4,618
Germany	6	528	12	735
Czechoslovakia	6	508	...	...
France	10	268	...	...
Sweden	4	94	...	...
	1,820	39,629	1,938	40,393

VII.—Motor Cars.

		1935-36.		1936-37.
	Number.	1,000 rials.	Number.	1,000 rials.
United States	1,087	17,009	1,028	15,535
United Kingdom	198	3,646	9	84
Germany	9	105	1	9
Italy	10	82	1	42
Others	4	41	8	65
	1,308	20,884	1,047	15,735

VIII.—Motor Cycles and Sidecars.

United Kingdom	55	181	18	75
United States	22	85	15	74
Germany	35	81	269	617
Others	2	2	...	...
	114	349	302	766

IX.—Bicycles and Tricycles.

United Kingdom	7,290	2,038	4,459	1,464
Germany	2,864	791	9,149	2,268
Japan	1,213	161	1,438	127
Sweden	42	6	5	6
India	1	1	97	7
U.S.S.R.	...	...	30	8
	11,410	2,997	15,178	3,800

X.—Tea.

	1,000 kilog.	1,000 rials.	1,000 kilog.	1,000 rials.
India	4,003	32,649	7,015	70,662
Java	613	5,317	1,566	14,630
Japan	321	2,638	572	4,662
Ceylon	133	1,264	528	5,892
China	5	57	32	280
Others	...	...	...	...
	5,075	41,925	9,713	96,126

XI.—Sugar.

U.S.S.R.	57,666	82,626
Egypt	3,105	852
Belgium	1,728	776
Java	244	154
Holland	138	1
Others	236	141
	63,117	84,550

[E 3141/3141/34]

No. 40.

Mr. Butler to Viscount Halifax.—(Received May 27.)

(No. 60.)

(Telegraphic.) R.

Tehran, May 27, 1938.

ENGAGEMENT of Crown Prince to Her Royal Highness Princess Fouzieh, eldest sister of His Majesty the King of Egypt, was officially announced from palace last night.

2. It is understood a delegation will shortly leave for Egypt to make detailed arrangements for wedding.

(Repeated to Cairo, No. 1.)

[E 3318/3141/34]

No. 41.

Viscount Halifax to Mr. Butler (Tehran).

(No. 46.)

(Telegraphic.)

Foreign Office, June 8, 1938.

YOUR telegram No. 66 of 2nd June: Perso-Egyptian Royal betrothal.

You are authorised, when Minister of Court pays you formal visit on 9th June, to deliver an oral message from the King expressing His Majesty's congratulations on the betrothal.

(Confidential.)

This action is only authorised in view of qualms which you express and which are shared here, about British Empire being sole Great Power from whom no message would have been received. But the whole matter appears to be dynastic barter of two young people who have never met, and is reminiscent of the conduct of foreign affairs in the eighteenth century.

(Repeated to Cairo, No. 320.)

[N 2867/2867/38]

No. 42.

Mr. Butler to Viscount Halifax.—(Received June 10.)

(No. 197.)

My Lord,

Tehran, May 19, 1938.

WITH reference to paragraph 3 of Mr. Seymour's despatch No. 79 of the 27th February, I have the honour to inform you that during the past few weeks large numbers of Iranian subjects, who have been expelled from the Soviet Union, have entered Iran. A press report from Tabriz of the 5th May stated that during the previous week more than 3,000 had crossed the frontier at Julfa, while several thousand more are reported to have arrived by steamer at Pahlavi, as many as 670 arriving on the 12th May alone on two Soviet steamers. It will be remembered that, in conversation with His Majesty's Minister in February, the Prime Minister put the total number to be expelled from the Soviet Union at 60,000, and some estimates have been as high as 80,000. The Soviet Ambassador recently told me that the total was not more than 10,000. A conservative estimate recently obtained from a well-informed Iranian source was 15,000.

2. According to the Soviet Ambassador, the persons expelled are mainly from the Caucasus, and are for the most part small merchants who would not assimilate Soviet ideas of social and commercial co-operation in the interest of the State. I gather that the families expelled have for the most part been resident some years rather than some generations in Russia. His Excellency informed me also that the expulsions were by no means confined to Iranian nationals. On the other hand, the Turkish military attaché, when questioned on the subject, stated that he was certain that no Turkish subjects had been expelled.

3. At first very little publicity was given to these expulsions in Iran, and the Iranian Government appeared to be taking the line that they welcomed the return of these Iranian nationals, or had even invited them to return. Recently, however, this attitude has been abandoned, and the newspaper *Ittela'at* has been permitted to publish a strongly anti-Soviet article from a correspondent at Tabriz describing the miserable condition of the thousands of refugees arriving there. I have the honour to enclose copies of a summary of this article⁽¹⁾ which appeared in the *Journal de Téhéran*. Nevertheless, the acquiescence of the Iranian Government in the expulsions is perhaps more significant than the appearance of this anti-Soviet article. It seems likely that the Iranian Government have had in mind the possibility that they may themselves wish to expel considerable numbers of foreign subjects, as they are already doing on a small scale with the British Berberis and recently threatened to do in the case of Iraqi Jews. From a conversation with a well-informed member of the Ministry for Foreign Affairs, I gathered that the Iranian Government objected less to the expulsions themselves than to the fact that the people expelled had not been allowed to bring out any of their property with them, so that they have reached Iran in a state of great misery.

4. Some publicity has been given to the measures taken by the Iranian Government to provide for the refugees arriving at Pahlavi and Julfa, and to arrange for their medical inspection and for the isolation of any suffering from infectious diseases, such as typhus, &c. It is understood that many of the refugees have been distributed in East Iran, and His Majesty's consul-general for Khorassan has reported the arrival at Meshed of many refugees in a state of destitution. There is also a certain amount of anxiety as to the social and political ideas that some of these people, in spite of their severe treatment, may bring in with them from Soviet Russia.

5. Apart from the reason for these expulsions given by the Soviet Ambassador, it has been difficult to find a motive for the Soviet Government having inaugurated such action now. I believe that it has long been their practice to remove their own nationals whom they regarded as undesirable from frontier districts to the interior, *e.g.*, from the neighbourhood of Lenkoran to Siberia. Some regard the present expulsions as due to an attack of nerves; others as retaliation either for Iran's excessive patronage of German goods or for the boycott exercised against the Soviet Embassy and late consulates in this country.

6. I am sending copies of this despatch to the Secretary to the Government of India in the External Affairs Department, to His Majesty's representatives at Moscow and Angora, to His Majesty's consul-general at Khorassan, and to His Majesty's consul at Tabriz. This consulate, which is near one of the main routes of the expulsions, has, as your Lordship is aware, been closed until quite recently. I am now asking Mr. Baillie to send me a report to supplement, and possibly to correct, the information in this despatch.

I have, &c.

NEVILLE BUTLER.

[E 3515/13/91]

No. 43.

Mr. Butler to Viscount Halifax.—(Received June 11.)

(No. 75.)

(Telegraphic.)

Tehran, June 11, 1938.

HEAD of the third political department, on instruction of Minister for Foreign Affairs, made vigorous representations to me this morning in connexion with numerous and violent complaints now being received from reliable sources as regards treatment of Iranian subjects in Bahrein.

2. He prefaced that his remarks were without prejudice to his Government's known attitude as regards the sheikh and our own position towards him. They appealed to His Majesty's Government, because they themselves had no contact with the sheikh, whereas we had and were a friend of the nation.

3. He alleged that in connexion with nationality and property laws some 200 Iranian families were being expelled and some 500 to 600 persons imprisoned, including old persons, women and children, under atrocious conditions amounting to savagery.

4. He referred to recent mass expulsions by Soviet Government, universally regarded as a savage act, and contrasted Iranian Government's own expulsion of a few Berberis, for whom much consideration was being shown. Were sheikh not in such close relation to His Majesty's Government, the Iranian Government would be taking appropriate steps to meet these injuries to these Iranians in Bahrein. If savage methods employed were not remedied, this could not fail to affect Anglo-Persian relations adversely. The Iranian Government, therefore, drew His Majesty's Government's attention to the position and asked that urgent enquiry should be made and His Majesty's Government give their good offices.

5. The question of sovereignty was a matter for friendly settlement at some future time; pending this, the sheikh should not have taken provocative action.

(Repeated to Foreign, Simla, No. 45, and Political Resident, Persian Gulf, No. 34 of 11th June.)

[E 3546/13/91]

No. 44.

Mr. Butler to Viscount Halifax.—(Received June 12.)

(No. 77.)

(Telegraphic.)

Tehran, June 11, 1938.

MY telegram No. 75.

I expressed regret and told M. Zanjani that I had no information, I suspected exaggeration, and that demonstrations had taken place leading to arrests. If so, persons could no doubt be brought to speedy trial. I felt sure that Iranian Government would take no action until they had heard the other side. Leaving aside Iranians' claim to sovereignty, the sheikh was within his rights in expropriating, and ample time had been given Iranians to make their choice. The sheikh's policy was analogous to that enforced a few years ago, as regards [group omitted] Bahreinis in Iran. Iranians' claim to sovereignty could not reasonably debar the sheikh taking administrative steps that, in his judgment, had become necessary.

2. I felt perfectly certain, however, that His Majesty's Government would gladly use their influence in the sense of expropriation, and expulsion, if necessary, should be carried out with all possible consideration.

(Repeated to Foreign, Delhi, No. 47, and Political Resident, Persian Gulf, Bushire, No. 35.)

[E 3476/659/34]

No. 45.

Mr. Butler to Viscount Halifax.—(Received June 13.)

(No. 196 G.)

My Lord,

Tehran, May 19, 1938.

WITH reference to Mr. Seymour's despatch No. 312 of the 14th August, 1937, I have the honour to inform you that it is reported that the Iranian Government have definitely placed with various German firms a large order for locomotives and rolling-stock required for the Trans-Iranian Railway. The order is understood to provide for 1,103 goods wagons, twenty-seven passenger coaches and postal vans, and sixty-five locomotives. It is possible that the sixty-five locomotives include the twenty second-hand locomotives said to have been purchased in Vienna in 1937, since these engines are not known to have arrived. The total value of the order is probably in the neighbourhood of £2 million.

2. It is understood that there are at present twenty-five engines on each section of the railway, so that a total of 115 will be available when the German order is delivered. It is certain that many more engines will be required, as will large numbers of oil-tankers for the Anglo-Iranian Oil Company. It is understood that the company are themselves arranging for the purchase of oil-tankers, also in Germany. As you are aware, the company are now planning to base their distribution in Central, Northern and North-Eastern Iran on the railway, big depôts being built at Azna (near Sultanabad) and Firuzkuh. It is also said that the company will pump oil from Abadan to Ahwaz by pipe-line, for loading on the railway there. Unless the service on the railway shows a very great improvement, the company may encounter serious difficulties in their new distribution system. A recent and well-informed visitor to the southern section of the railway stated that the engine-drivers' pay was so miserably small that they had stripped their engines of everything detachable that they could sell. And if another report is to be believed, conditions on the northern line are so bad that when the Shah recently travelled by railway to Mazanderan, there was only one single engine in working order on the whole section, so that if that engine had broken down, no relief engine could have been sent. If a better service cannot soon be obtained, the railway seems likely to prove an expensive luxury.

3. I am sending copies of this despatch to the Department of Overseas Trade and to the Secretary to the Government of India in the External Affairs Department.

I have, &c.

NEVILLE BUTLER.

[E 3478/281/34]

No. 46.

Mr. Butler to Viscount Halifax.—(Received June 13.)

(No. 199. Secret.)

My Lord,

Tehran, May 20, 1938.

I HAVE the honour to report that during the last fortnight I have on two occasions had what is becoming increasingly rare and difficult, that is, a conversation with an intelligent well-informed Iranian, not a Minister and not a member of the Ministry for Foreign Affairs. Circumstances were quite unfavourable to a confidential talk. None the less, what this person, who holds an important commercial position in Tehran, said to me seems of sufficient interest to be worth transmitting to you.

2. On both occasions he referred to relations between Iran and Soviet Russia as being almost dangerously bad, though by this he did not mean danger of war; he was satisfied that Soviet Russia had its hands full elsewhere and had no aggressive designs. But the Soviet Government were making no secret of the fact that they were much disturbed at the control that Germany was being allowed to acquire over Iranian trade and industry. The Soviet Government had done what they could; they had offered credits; if Iran did not desire the type of machinery, &c., produced in Russia, these credits could be used for purchases from other countries, not Germany.

3. The Soviet Government held that in other spheres too they had followed up the good-neighbourliness they had previously shown Iran; they had demonstrated that they did not wish to interfere in Iran's internal affairs by recently withdrawing all their consulates, except that at Pahlavi, by not replacing their military attaché at the Soviet Embassy, and so on.

4. My informant thought that the recent great increases in German commercial activity and in the numbers of German residents and visitors (residents, including ex-Austrians, have now reached 1,300), had given the Soviet genuine grounds for anxiety, and that they were now putting on the screw as they did about every three years in connexion with the renewal of the Irano-Soviet Commercial Treaty which falls due this year. Possibly the present mass expulsions of Iranians in Soviet Russia, reported in my despatch No. 197 of the 19th May, represent a turn or two of the screw.

5. My informant continued that the Shah was disturbed at the state of Irano-Soviet relations, and he believed that M. Soheily, who knows Russia and speaks Russian, was being recalled to assist in securing an improvement. It is a fact that a new Iranian Minister, M. Said, who was until recently Minister in Rome and who, as reported in my despatch No. 136 of the 7th April, has an excellent knowledge of Russian, has now been sent to Moscow as Ambassador.

6. My informant believed that Soviet influence here was now very small. There are, indeed, some minor indications of the Soviet Embassy trying to revive it. Last week the Soviet Ambassador sent out invitations to a propaganda film, "Peter the Great," at the Soviet consulate. I was present and saw a good many Iranians, including a few officers who will have had permission to attend. The photography of the film was excellent and the film itself and the letter-press explaining it, as may readily be imagined, suggested sympathy with the patriotic and westernising policies of the Shah.

7. My Iranian informant told me that he had thought it prudent not to attend the showing of this film, and in that connexion adverted to the prohibition that is virtually imposed on even non-official Iranians against visiting foreign missions in Tehran. He had consulted a highly-placed friend in the police as to what his own line should be: he was told that the police had a man outside each foreign mission who noted visitors as well as a spy or spies among the employees or personal servants, and that, foolish or at least exaggerated as the whole thing was, it was better for him not to visit. He had, in fact, on one occasion entertained the German wife of an Iranian, her husband and her German father. Next day, his friend in the police had rung him up and told him that the Germans in question were anti-Nazi, that they were watched by the German Gestapo, who had noted and reported his party to the Iranian police. Unfortunately, the Shah was an admirer of Herr Hitler.

8. My informant made some further remarks about internal affairs. Like all those with whom I have recently talked, he is pessimistic at the present

situation, economic as well as financial; there is no planning and no check on over-spending on ill-judged projects, and he foresees no change in this while His Imperial Majesty remains alive and controlling the situation. Hitherto, His Imperial Majesty had had the support of the merchant community, who remember that he crushed not only the country "barons," but the city "barons" too, like the Qharagozlus of Hamadan, who had excessive control of the cities; and the merchants had been doing tolerably well lately by investing in the Government and semi-Government companies. But the increasing weight of taxation and the deteriorating condition of many of the Government companies was having its effect on the sentiment of the merchant community. The intelligentsia were definitely being held down, and over 150 students were in prison in Tehran.

9. My informant shared the general disappointment at the way the Valiahd was developing: he did not anticipate a Communist régime in Iran, but he did think that the next form of Government would be a strongly leftward form of democracy.

10. The above are the views given me by a patriotic and Nationalist Iranian. I will comment only on his last point. The view generally held here is that the Shah's effective support is the army, and that the army will determine the form of Government that succeeds him. This seems probable. Whoever secures the support of the army may, or may not, wish to secure also civilian and political support from some quarter. There would not, I think, at present be any unanimous feeling among my colleagues here that in this contingency the army leaders would seek it from the democratic left.

11. I am sending a copy of this despatch to His Majesty's Ambassador at Moscow.

I have, &c.

NEVILLE BUTLER.

[E 3480/167/34]

No. 47.

Mr. Butler to Viscount Halifax.—(Received June 13.)

(No. 202.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 11 for the period ending the 21st May, 1938, compiled by the military attaché to this Legation.

Tehran, May 21, 1938.

Enclosure in No. 47.

Intelligence Summary No. 11 for the Period ending May 21, 1938.

(Secret.)

1. *The Shah.*

HIS Imperial Majesty the Shah, accompanied by the Crown Prince, has been carrying out an extensive and detailed inspection of all military establishments, factories and new public works in the provinces of Mazanderan and Gilan.

The Iranian press state that His Majesty and the Crown Prince have everywhere met with a most popular and enthusiastic reception.

2. *Travellers.*

The undermentioned officer arrived in Tehran during the period under review. He is in transit from India to Europe:—

Major W. A. Fausset, 7th Light Battery, Royal Artillery, and wife.

3. Iranian Tobacco Monopoly.

The following British mechanics left Tehran for England during the period under review on the expiration of their contracts with the Iranian Tobacco Monopoly. They are travelling via Bagdad and Damascus:—

Mr. W. E. Kench.
Mr. J. H. Rutherford and wife.

4. Iranian Officials.

(i) His Excellency Ali Soheli (Military Attaché's Personalities, No. 207; Foreign Office Personalities, No. 194), Iranian Minister in London since March 1937, has been recalled. The reason for his recall is not known.

(ii) M. Abdul Hussein Massoud Ansari (Military Attaché's Personalities, No. 21 (i); Foreign Office Personalities, No. 25), Chief of the Protocol Department in the Ministry for Foreign Affairs since December 1937, has been appointed Iranian consul-general in India.

(iii) M. Abdullah Entezam (Foreign Office Personalities, No. 68) has been appointed Chargé d'Affaires of the Iranian Legation in Switzerland.

5. Communications.

Trans-Iranian Railway.—The line from the south working northwards has been laid as far as Do-Roud (Bahrein) (million sheet No. 9, square 3A) about 50 kilom. south of Burujird (million sheet 9, square 3A).

The northern section working southwards is complete as far as Ibrahimabad (million sheet No. 9, square 2C). It is anticipated that it will reach Iraq (Sultanabad) by the end of May.

Branch Lines.—Reference Intelligence Summary No. 10 (current), paragraph 10. Qishlaq (million sheet No. 16, square 1A), Semnan (million sheet No. 16, square 1B). Ten kilom. of this line has been completed.

Roads.—On the 17th May His Imperial Majesty the Shah formally declared open the Kandawan tunnel (degree sheet 8r, square 4B) on the Tehran-Kerej-Chalus road.

A brief description of this route, called by the Iranians "The Special Road," may be of interest. The road was completed in 1933 at a cost of over £1 million to gratify the whim of the Shah. His Imperial Majesty desired a road offering facilities for a more rapid transit from the capital to his estates in Mazanderan than was afforded by either the Kazvin-Resht or the Firuzkuh-Shahi route. He also wanted a direct route from those estates to the Iranian plateau to facilitate the export of his agricultural produce. The extraordinarily heavy rainfall on the Caspian side of the watershed, the heavy snowfall on the Kandawan Pass (9,625 feet) and down to 6,000 feet on either side, and the liability to landslide of the gypsum hillsides near Gach-i-Sar (million sheet No. 8, square 4D) on the southern side have all combined to close this road effectively from the end of October to the middle of May each year since its completion. What sums are expended on snow clearing, removal of landslides, repaving of fords, and the upkeep of the 200 bridges over the main and the side streams have never been disclosed.

The Kandawan tunnel is 2,800 metres in length beneath the Kandawan Pass and at an altitude of 6,000 feet. Even this gigantic work will not keep the road open all the year round as, firstly, the entrance and exit of the tunnel are well above the winter snow line, and, secondly, the portions which suffer most from landslides after rain lie on both sides, considerably below the altitude of the tunnel.

The route is an example of Royal caprice, in its bold conception and skilful construction, a source of legitimate wonder to the adventurous tourist. It is of no commercial or strategical value.

A press report states that the height of the tunnel above sea level is 3,030 metres; it pierces the mountain at a height of 2,700 metres. Ninety thousand cubic metres of earth and stone have been excavated, and 46,400 kilog. of explosives was used for blasting. It has taken three years to complete.

6. Harbours.

The Julius Berger Company of Germany have been awarded the contract for extending the present jetty at Bandar Shahpur (million sheet No. 10,

square 2A) from 140 metres long and 3½ metres wide to 292 metres long and 6½ metres wide. This will allow of one more steamer being berthed alongside.

Two more customs sheds are also to be constructed. Work has already commenced.

7. U.S.S.R. Interests.

The U.S.S.R. consulates-general in Meshed, Tabriz and Isfahan have been closed down. Only trade agencies remain in these towns.

The Soviet Union now have only one consular post in Iran, that at Bandar Pahlavi, which is required for shipping, &c.

8. Refugees.

Reference Intelligence Summaries Nos. 9 and 10 (current), paragraph 8. Refugees continue to arrive from the U.S.S.R. During the period under review 3,000 entered the Province of Azerbaijan via Julfa. Most of these were small merchants from the Caucasus area. The total number of refugees up to date is in the neighbourhood of 5,000. It is possible, however, that the total number to be expelled may reach 9,000 to 10,000. Many of those expelled, although Iranian subjects, are, in fact, Russian born. On reliable authority it is said that these expulsions are not solely confined to Iranian subjects.

No official reason has been given for these expulsions, and even in Iran the matter is being kept very quiet.

9. Tribal.

The troops of the Kerman Independent Composite Brigade who took part in the recent punitive expedition against the Bashakird have now returned from Bandar Abbas area to Sirjan. Field and mountain artillery attached for duty with the Bashakird column returned to Kerman.

10. Civil Aviation.

Landing Grounds.—Reference Intelligence Summary No. 2 (current), paragraph 10 (ii). Work on the Kermanshah military landing ground has been completed and it is now fit for use all the year round. There are no ground staff or personnel and as yet no sheds or hangars have been erected for accommodating aircraft. It is not lighted at night, but it would be possible to make an emergency landing as the position of the landing ground could be located by aircraft, as it is situated approximately 2½ miles due south of the Kermanshah Petroleum Company's refinery, which is always brilliantly lighted throughout the night.

A plan of the landing ground is given as Appendix "A" (1) to this summary.

11. Buildings.

(i) It is reported that Messrs. Balloca, an Italian firm, have secured a contract for the construction of seven grain silos, each of 16,000 tons capacity.

(ii) A factory for the manufacture of optical glasses and instruments is being constructed in Tehran. Foreign specialists have been engaged and the machinery is already being installed.

(iii) It is reported from a reliable source that the Iranian Government intend constructing a new and up-to-date general hospital south of Tehran (in the vicinity of the railway station) of 500 beds. The cost is estimated to be more than 8 million tomans (£1 million).

Swiss architects are at present engaged in drawing up the plans.

12. Treaties.

Subject to ratification, a treaty of friendship has been signed at Buenos Aires between the representatives of Iran and the United States of Mexico.

13. British Interests.

The Indo-European Telegraph Department wireless station at Lingah, which ceased functioning in 1931, has now been formally handed over to the Iranian Government.

(1) Not reproduced.

14. *The Iranian Air Force.*

Reference Intelligence Summary No. 10 of 1936, paragraph 3 (iii). Colonel Bevir, Belgian adviser to the Iranian air force, left Tehran during the period under review on expiration of his contract. It is said that he will not be replaced.

15. *Baluchistan Frontier—Iranian Survey.*

Reference Intelligence Summary No. 10 (current), paragraph 7. It is reported that the Iranian survey party, fearing attack by local tribes, have abandoned work at Gorani and have withdrawn to Zabul.

16. *The Press.*

Several articles have appeared in the Iranian press during the period under review expressing concern for the receding of the water in the Caspian Sea and possibly preparing the public for the news of the total loss of one or two of the new and expensive harbours which have been constructed.

The reasons given for the rapid recedence of water are (a) earth tremors in the bed of the sea, and (b) that many of the streams of Gilan, Mazanderan and Gorgan are now being utilised for irrigation purposes, as is also the Volga River in Russia.

If the Caspian Sea continues to recede at its present rate, which is stated to be about 30 cm. per annum, the whole of the Gulf of Gorgan (Astarabad Bay) may become dried up within a period of fifteen–twenty years, thus preventing the use of the ports of Bandar-i-Gaz (degree sheet 15H, square 1D) and Bandar Shah (degree sheet 15G, square 1A), the northern terminus of the Trans-Iranian Railway. The ports of Babul Sar (Meshed-i-Sar) (degree sheet 15D, square 2C) and Nau Shahr (degree sheet 8P, square 2C) will constantly have to be prolonged to follow the sea.

Bandar Pahlavi (degree sheet 8G, 3B) is not in any immediate danger of becoming dried up, but steps may also have to be taken there to lengthen piers and breakwaters.

It is possible that the important Caspian Sea fishing industry may become affected owing to the increase of salt deposits in the sea.

H. J. UNDERWOOD, *Lieutenant-Colonel,
Military Attaché.*

Tehran, May 21, 1938.

[E 3643/659/34]

No. 48.

Mr. Neville Butler to Viscount Halifax.—(Received June 20.)

(No. 206 E.)

My Lord,

Tehran, June 2, 1938.

IN my despatches No. 93 E. of the 9th March and No. 150 E. of the 13th April last, I had the honour to furnish you with details of the ordinary budget estimates for the current and the supplementary law to the budget.

2. The Minister of Finance has now submitted a Bill for a credit of 170 million rials (£2,125,000) for railway construction. M. Bader has explained that this credit, from revenue from the sugar and tea monopoly taxation, had not been included in this year's supplementary law, as the amount had not then been definitely specified.

3. The total credit for railway construction during the year ending the 20th March, 1939, is therefore increased from the sum of 105 million rials (£1,312,500), provided for in the ordinary budget estimates, to a sum of 275 million rials (£3,437,500).

4. I am sending copies of this despatch to the Department of Overseas Trade, to the Secretary to the Government of India in the External Affairs Department and to His Majesty's Ambassador at Bagdad.

I have, &c.

NEVILLE BUTLER.

[E 3644/130/34]

No. 49.

Mr. Neville Butler to Viscount Halifax.—(Received June 20.)

(No. 207 E.)

My Lord,

Tehran, June 2, 1938.

WITH reference to my despatch No. 192 E. of the 17th May, I have the honour to report that an article was published recently in the *Journal de Téhéran* under the heading of "Le Commerce extérieur de l'Iran" which is of interest, particularly in that it includes a list of invisible exports and imports, though unfortunately no figures are furnished. The following is a summary of this article:—

2. As regards invisible exports, the Anglo-Iranian Oil Company's royalties and taxation, dividends on shares held by Iranians and expenses in Iran naturally take the first place. Secondly is mentioned the revenue from the Irano-Soviet Caspian fisheries. Thirdly comes the interest on Iranian capital in foreign banks, and fourthly remittances of Iranian emigrants, especially those residing in Turkey, Iraq and India. Finally, there is the money spent in Iran by tourists, the number of whom was formerly negligible owing to the prevailing insecurity.

3. It is pointed out that the sums obtained from the above sources, apart from the Anglo-Iranian royalties, are comparatively unimportant as they are absorbed by the following liabilities:—

- (i) Freight charges paid to foreign shipowners, which amount to considerable sums in view of the absence of an Iranian mercantile fleet, and insurance charges on freight.
- (ii) Interest due on foreign debt, which now, however, takes quite a secondary place owing partly to the Irano-Soviet Treaty of 1921 which ceded to Iran the sums lent by the previous Russian régime, and partly owing to the energetic policy of liquidating other debts incurred by the Kadjars.
- (iii) Commission and interest earned by foreign banks and companies in Iran. Up to 1927 this item was of considerable importance as the only banks were foreign, i.e., the Imperial Bank of Iran, and, furthermore, foreign commercial concerns carried on lucrative business and enjoyed many facilities. The establishment of the National and other banks has now considerably reduced the charge under this head.
- (iv) Remittances required on account of Iranian subjects abroad, including students sent by the Government and tourists.
- (v) Payments of emoluments of foreign advisers and employees, who are necessary for the economic and political development of the country. This takes up considerable sums annually.

4. The rest of the article deals with the figures of ordinary foreign trade, which normally reveal an adverse balance to Iran. It is pointed out that the Foreign Trade Monopoly Law has improved the situation in this respect; in 1921–22 imports amounted to 77·3 per cent. of the total trade, whilst in 1931–32 imports represented only 46·5 per cent., giving a favourable trade balance for the first time. This unique result happened in the first year of the Foreign Trade Monopoly Law, which came into force in February 1931 when the tendency was to over-declare exports and under-declare imports.

5. I am sending copies of this despatch to the Department of Overseas Trade, and to His Majesty's Ambassador at Bagdad.

I have, &c.

NEVILLE BUTLER.

[E 3646/3141/34]

No. 50.

Mr. Neville Butler to Viscount Halifax.—(Received June 20.)

(No. 210.)

My Lord,

Tehran, June 3, 1938.

WITH reference to my telegram No. 60 of the 27th May, I have the honour to report that the Iranian Government have spared no pains to emphasise the importance of the engagement of the Valiahd to Her Royal Highness Princess

Fowzieh of Egypt. The press has reported at length the demonstrations of enthusiasm with which the engagement has been greeted in Tehran and the provinces. The capital has been beflagged and illuminated, and every cab, taxi and motor-bus has been bedecked with flags, first Iranian only, and then Egyptian also, with white crescent and stars hastily stitched on to the green ground. When every allowance is made for the power of official compulsion behind these demonstrations, there is reason to think that the Iranian people are genuinely pleased and flattered by this alliance with the ruling family of a leading oriental State.

2. It can fairly be said that the engagement is an event of importance. I have had no recourse to books of reference, but I cannot call to mind, at any rate in at all recent times, any instance of a dynastic marriage between the ruling houses of independent sovereign States professing Islam. Mahometan queens, whatever their influence within the palace, have hitherto been of little public account. The general custom of Persian kings has been to draw upon their own countrywomen, not necessarily of illustrious birth, to fill their harems and raise their issue. The Valiahd's engagement is, therefore, also an event of some historical interest. It shows Royalty, both in Iran and Egypt, emerging into a stage reached long ago in Christendom, but only now in Islam.

3. This development may have a more practical significance. Islamic history has shown the disintegrating effect of polygamy. Its effects have left their marks upon the whole fabric of society in Islamic countries, but in no way more conspicuously than in the internecine struggles for succession between sons of the same father, but different mothers, that have been the cause of so many palace revolutions, and the rock on which so many a dynasty has foundered. It seems possible that to the same set of causes should be attributed another phenomenon of oriental kingdoms, equally disastrous to the practice of government and the stability of the dynasty, namely, the ruler's habit of regarding his natural heir as his natural enemy, and so immuring him in the harem and giving him no chance of learning the art of ruling, or of forming political contacts in his father's lifetime.

4. From this point of view, the Shah has probably taken a wise step in following the European example of looking to another Royal family for his heir's bride. He has escaped from the atmosphere of the oriental harem. It is true that the Iranian Constitution as it reads to-day provides that the heir to the throne must be of Iranian parentage on both sides. There can be little doubt that the Shah will arrange the necessary modification so that, provided his son's succession is secured and unless something cataclysmic happens in the meanwhile, when his son dies there will be no question as to who is the queen-mother and who is the heir. On this assumption, anyone who tries to upset the accession of the present Valiahd's heir, whether another member of the Royal family by another wife, or a usurper from outside, will have to take into account an international complication. Thus the proposed marriage should strengthen the dynasty in more ways than one.

5. The engagement may also be regarded as bringing recognition that the Pahlavi family has "arrived." It was suggested in the annual report from this post for 1937 that Reza Shah pays much attention to the age-old Persian view of the aristocratic, hereditary and divine-right nature of monarchy. This is doubtless one of the reasons why he is so sensitive to any mention of his humble origin in the foreign press. By alliance with the family of Muhammad Ali Pasha, in comparison with which he is an upstart, Reza Shah has definitely climbed another rung on the dynastic ladder, and a grandson would be *atavis edite regibus*. There is no doubt that public opinion here, so far as it exists, feels that the marriage will improve the international standing of Iran.

6. Another point of minor interest arising out of the engagement is the bridging, or perhaps ignoring, of the Sunni-Shiah cleavage, which has been an additional obstacle in the way of a monarch of Iran taking a bride from a neighbouring country. The marriage cannot be expected to be popular among the Iranian ulema. But it seems unlikely that the views of the ulema can count for much now, particularly when, as in the present case, the younger generation, already pretty indifferent to these religious distinctions, will be influenced by the offsetting glamour of a marriage with the Royal family of a country regarded as in the forefront of eastern States.

7. In yet another respect the marriage may help to further one of the main items of the Shah's policy, namely, the emancipation of women. The presence here of a Royal princess, with an education believed to be partly at least European, should undoubtedly help to extend the liberties that are being secured for them; more particularly if the princess is a daughter of Queen Nazli.

8. Finally, it seems possible that in seeking this union the Shah may have in mind an extension of the policy of the Saadabad Pact. It will be remembered that, in his despatch No. 189 of the 24th February, Sir Miles Lampson reported a statement in the Egyptian press that Egypt would be asked to join this pact. Similar reports were current in Tehran. The press has laid much stress on the importance of the engagement as a union between oriental peoples, and though nothing has been said here to suggest that it may lead to an extension of the Saadabad Pact to Egypt, this might be one of its consequences.

9. At the moment the Iranian Prime Minister is about to leave for Cairo heading a delegation to make arrangements in connexion with the wedding. I have the honour to enclose herewith an extract from the *Journal de Téhéran* of the 3rd June,⁽¹⁾ recording an interview which M. Djam has given to a journalist on this subject. It is also announced that Mohammed-el-Mufti-el-Gazaerly Bey, now Egyptian Minister at Angora, is to revert to his previous post of Minister at Tehran in succession to Azzam Bey.

10. In conclusion, it is perhaps of some interest that stories have reached me from Kerman, as well as in Tehran, that this betrothal has been engineered by the British.

11. I am sending copies of this despatch, with its enclosure, to the Secretary to the Government of India in the External Affairs Department and to His Majesty's Ambassador in Cairo.

I have, &c.

NEVILLE BUTLER.

⁽¹⁾ Not printed

[E 3647/2592/34]

No. 51.

Mr. Neville Butler to Viscount Halifax.—(Received June 20.)

(No. 212. Secret.)

My Lord,

Tehran, June 4, 1938.

WITH reference to my telegram No. 50 of the 4th May, I have the honour to report that the United States Chargé d'Affaires has informed me that notice of renunciation of the Amiranian Oil Company's concession in Iran has now been given to the Iranian Government. Mr. Engert added, in strict confidence, that the Iranian official to whom the notice was given immediately remarked that it was doubtless British influence which had led the Amiranian Oil Company to withdraw.

2. Mr. Engert told me in a previous conversation that the parent company in the United States had lost so heavily in Mexico that it was not inclined to risk further losses in Iran. He told me that the Amiranian Company had so far spent about 2 million dollars here.

3. No announcement regarding the renunciation of the concession has yet been made in Tehran. The secret is being well kept. In view of this I should be grateful if Mr. Engert's communication might be treated as strictly confidential until a public announcement is made, or the fact becomes public in some other way.

4. I am sending copies of this despatch to the Secretary to the Government of India in the External Affairs Department, and to His Majesty's Minister at Kabul.

I have, &c.

NEVILLE BUTLER.

[E 3649/167/34]

No. 52.

Mr. Neville Butler to Viscount Halifax.—(Received June 20.)

(No. 214.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 12 for the period ending the 4th June, 1938, compiled by the military attaché to this Legation.

Tehran June 4, 1938.

(Secret.)

Enclosure in No. 52.

*Intelligence Summary No. 12 for the Period ending June 4, 1938.*1. *The Shah.*

(i) HIS Imperial Majesty the Shah, since his return from Mazanderan and Gilan, has been in residence at the Royal Palace in Tehran.

(ii) On the 25th May His Imperial Majesty formally opened the 4th annual exhibition of Iranian trade goods.

2. *The Crown Prince.*

The engagement of His Imperial Highness, Shahpur Mohammad Reza, Crown Prince of Iran, to Her Royal Highness, Princess Fowzieh of Egypt, the 17-year old and eldest sister of King Faroukh, has been officially announced.

The Prime Minister, his Excellency Mahmud Jam (Mudir-ul-Mulk) (Military Attaché's Personalities, No. 92, Foreign Office Personalities, No. 104), accompanied by Dr. Ali Ashgar Naficy (Muadeb-ed-Douleh) (Military Attaché's Personalities, No. 139 (i), Foreign Office Personalities, No. 134), "Grand Maître de la Maison Personnel," and Dr. Ghani, an Arabic expert, will shortly proceed to Cairo to arrange details. The wedding will probably take place in Tehran.

Following the announcement, and by order of the Ministry of the Interior, every town and city in Iran was illuminated and decorated for a period of three days.

It is considered that the House of Pahlavi has undoubtedly strengthened its own position by this move.

The Iranian press welcome the news with columns in praise of the Royal Family.

The "man in the street," however, thinks it is all due to the planning of the British, and only wonders when the cost of living and taxation will be reduced.

3. *Travellers.*

The undermentioned officers arrived in Tehran during the period under review. They were in transit from India to Europe:—

Captain the Lord Ardee, the Grenadier Guards.
Lieutenant E. Johnson, 5/1st Punjab Regiment.

4. *British Interests.*

Lieutenant-Colonel H. J. Underwood, British military attaché, toured in Isfahan, Yezd and Kerman districts from the 21st May to the 1st June.

5. *Iranian Officials.*

Reference Intelligence Summary No. 11 (current), paragraph 4 (i). On his return from London, his Excellency Ali Soheily (Military Attaché's Personalities, No. 207, Foreign Office Personalities, No. 194) has been appointed Iranian Foreign Minister.

6. *Egyptian Interests.*

His Excellency Mufti-el-Jezayerli has been appointed Minister for Egypt in Iran.

7. *French Interests.*

His Excellency M. Bodard, the French Minister, has returned to Tehran from three months' leave.

8. *The Majlis.*

His Excellency Mahmoud Bader (Military Attaché's Personalities, No. 37 (ii), Foreign Office Personalities, No. 42), Minister of Finance, has presented to the Majlis a supplementary demand for 170 million rials (£2,125,000) for further railway construction. This is in addition to 105 million rials (£1,312,500) already provided for from the public revenues.

9. *Railways.*

(i) It is reported that the net profit of the South Iranian Railroad during the year 1316 (the 21st March, 1937–20th March, 1938) amounted to approximately 25 million rials (£312,500).

(ii) Reference Intelligence Summary No. 10 (current), paragraph 10 (ii). Consortium Kampsax are still negotiating for the contract for the Tehran–Tabriz–Turkish frontier line.

10. *Iranian Army.*

(i) Reference Intelligence Summary No. 10 (current), paragraph 11 (ii). It is reported that over 300 soldiers of the 30th Infantry Regiment (Ahwaz) have died in hospital from typhoid fever. The military isolation hospital at Ahwaz has been removed to a fresh site.

(ii) The garrison at Bam, formerly in the Kerman Independent Composite Brigade, is now included in the 8th (Mekran) Division.

(iii) A new camel corps is reported as being formed at Zabul. Camels are being purchased in the district by the military department concerned.

(iv) Owing to climatic conditions, all officers of the 6th (Khuzistan) Division are now permitted to wear khaki uniform with open collars and ties.

(v) During a recent visit to Kerman, the military attaché noted that the troops of the Kerman Independent Composite Brigade were well-turned-out, especially the cavalry. Both horses and saddlery were in excellent condition.

11. *Iranian Baluchistan.*

It is reported that a decision has been made to disarm the tribes in Mekran and Sistan. Rifles and other arms are being seized on sight. For some time past Government officials have been systematically registering all tribesmen whenever possible and issuing them with the usual identity certificate.

12. *Tribal.*

Baluchistan.—Reference Intelligence Summary No. 8 (current), paragraph 5. The reports that Juma Khan Ismailzai is now co-operating with the Government are incorrect. An offer was made by the Iranian authorities to enlist a number of his tribesmen in the Amnich (road guards), provided Juma Khan surrendered. This offer was not accepted.

Malik Ali Shah Khan, the Narui Sirdar, is reported to have been sent to Zabul.

Bahmai.—Reference Intelligence Summary No. 7 (current), paragraph 7. A consular source reports that Gul Mohd, a near relative of the late Khuda Karam Khan, the former leader of the Bahmai, has escaped from prison, and has turned outlaw together with sixty other fellow-tribesmen. Looting and raiding is taking place in the vicinity of Gach Saran.

13. *Security.*

A gang of about 100 armed Baluchis plundered the village of Avargah on the Kerman–Bam Road. Juma Khan Ismailzai is reported to have been their leader. A mobile column of two companies of infantry and one squadron of cavalry from the Kerman garrison was despatched to punish the raiders. The gang, however, broke up into small parties and escaped to the hills.

It is said in Kerman that the raiders were armed with British rifles.

14. *Amiranian Oil Company.*

Reference Intelligence Summary No. 8 (current), paragraph 8. Still no suitable site for drilling operations appears to have been found. The drilling machinery is now lying at Basra.

Geologists at Kalparkan (degree sheet 31 I, square C 4) are stated to have discovered oil in the vicinity, only to find that they were several miles inside the Baluchistan border.

15. *Communications.*

Reference Intelligence Summary No. 11 (current), paragraph 9. As a result of the recent Bashagird operations, a motor road is being constructed from Bandar Abbas to Minab (million sheet No. 25, square B 1).

Telephones.—A public telephone service between Tehran and Qum has been inaugurated.

16. *Refugees.*

Reference Intelligence Summary No. 11 (current), paragraph 8. Ninety more Iranian subjects have arrived in Julfa and 700 at Bandar Pahlavi from the U.S.S.R.

17. *Minerals.*

Reference Intelligence Summary No. 3 (current), paragraph 7. The mines at Anarak (million sheet No. 16, square B 3) are being rapidly developed by a mining company under German contract. The Germans have been given a concession, and are authorised to export 1,000 tons of nickel and 4,000 tons of copper per annum to Germany in liquidation of the Iranian debt.

Copper and nickel is being exploited from the mines at Sahara, Baghereg, Telmessi and Masgani (local place names in the Anarak area). A smelting foundry has been set up at Telmessi and another is being constructed at Sahara.

Antimony is found in the mountains of Turhaman, south-east of Anarak. Gold is also being mined.

Coal is found close at hand at Siah Kuh (million sheet No. 16, square B 4).

The Iranian Government is reported to have brought over 3 million reichsmarks of mining machinery from Ferosthal.

Ten German mining experts reside at Anarak and are paid high salaries. The salaries of the Iranian staff are also paid on a Persian Gulf basis owing to the trying climatic conditions.

Several of the mining areas are completely surrounded by barbed wire.

A post and telegraph office and a wireless station have been erected. The branch of the Banque-i-Mellie at Yezd has opened a sub-branch at Anarak.

18. *Factories.*

(i) An ice factory is being constructed in Tehran by a German firm. The plant is exclusively German. This will, provided it is sold at cheap prices, be of value to the Tehran citizens, who at present use snow and ice collected in pits during the winter months.

(ii) The jute factory at Resht has been enlarged to twice its original size.

19. *Civil Aviation.*

(i) The Deutsche Lufthansa Berlin-Tehran-Kabul service continues to operate regularly. Lately, however, the machines have taken to landing at the military aerodrome in Meshed, which they had been instructed only to use in case of emergency. These frequent landings are most unpopular, as all Iranian military machines have hurriedly to be put out of sight.

(ii) A report from Kabul states that the Afghan Government are considering the advisability of following the example of the Iranian Government in giving permission for a weekly Lufthansa service to Kabul on condition that separate applications are made for each flight. The Russian Ambassador in Kabul is said to have requested the Afghan Government to refuse permission for the extension of the German air service. His request was ignored.

(iii) The Russian press contains articles on the increasing German influence in Iran, pointing out amongst other things that the Lufthansa Berlin-Tehran-Kabul air line is purely political and not commercial. The Iranian press indignantly repudiates these suggestions.

20. *Changes in Place Nomenclature.*

The name of Arablar (degree sheet No. 1 E, square A 3) has been altered to Pul Dasht.

The name of Kara Aineh (degree sheet No. 1 A, square B 4) has been altered to Siah Chashmeh.

21. *Baluchistan Frontier—Iranian Survey.*

Reference Intelligence Summary No. 11 (current), paragraph 15. The Iranian survey party has abandoned its proposed survey for the present.

22. *Railways—India.*

The present rail-head of the North-Western Railway (Quetta-Zahidan branch) will remain at Nok Kundi and will not be withdrawn to Dalbandin.

23. *Military Publications.*

Issues Nos. 1, 2, 3 and 4 of Volume II of the *Piyada Nizam (Infantry Journal)* contains nothing of interest to the General Staff.

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.



Printed for the use of the Foreign Office.

CONFIDENTIAL

(15665)

FURTHER CORRESPONDENCE

RESPECTING

P E R S I A

PART XLV

JULY TO DECEMBER 1938

TABLE OF CONTENTS.

No. and Name	Date.	SUBJECT.	Page
(i) To India Office ...	1937. Sept. 15	Lighting and buoying installations in Persian territorial waters ... (v) Discussion as to whether responsibility shall rest with Persian Government or Government of India	
(ii) To Mr. Seymour ... (Tehran) No. 411	Nov. 2	Lighting and buoying of the Persian Gulf and Gulf of Oman ... (vi) Instructions as to action to be taken in discussions with the Persian Government	
(iii) To Mr. Seymour ... No. 412	Nov. 2	Protection afforded by His Majesty's consular officers in Persia to Portuguese Indians ... (vii) Concurrence in proposed instructions to His Majesty's Consul at Ahwaz	
1 Mr. Butler ... (Tehran) No. 232	1938. June 18	Incidents on the Indo-Iranian frontier ... 1 Attitude of the Government of India and discussions with the Iranian Government	
2 Mr. Butler ... No. 233	June 18	Intelligence Summary ... 3 No. 13 for the period ending 18th June	
3 Sir M. Peterson ... (Bagdad) No. 274	June 22	Iraqi-Iranian relations ... 6 Conversation with the Iraqi Minister for Foreign Affairs regarding certain action by the Iranian Government which is causing some uneasiness in Iraq	
4 Sir M. Peterson ... No. 286	June 28	Frontier Treaty and Protocol between Iraq and Iran Exchange of ratifications at Bagdad on 20th June, 1938	7
5 Mr. Butler ... No. 88. Tel.	July 15	Ministerial changes in Iran ... 7 Services of Minister for Foreign Affairs and Minister of Public Instruction have been dispensed with	
6 Mr. Butler ... No. 89. Tel.	July 18	Ministerial changes in Iran ... 8 Appointment of Muzaffar Aalam as Minister for Foreign Affairs	
7 Mr. Butler ... No. 250	June 2	Intelligence Summary ... 8 No. 14 for the period ended 2nd July	
8 Mr. Butler ... No. 254	July 8	Iranian Government policy ... 10 Comments on points raised by His Majesty's Ambassador at Bagdad (Bagdad despatch No. 274 of 22nd June)	
9 Mr. Butler ... No. 267	July 16	Intelligence Summary ... 11 No. 15 for the period ending 16th July	
10 Mr. Butler ... No. 272	July 30	Intelligence Summary ... 14 No. 16 for the period ending 30th July	
11 Mr. Seymour ... (Tehran) No. 284	Aug. 13	Intelligence Summary ... 16 No. 17 for the period ending 13th August	
12 Mr. Seymour ... No. 290 E.	Aug. 20	Exploitation of nickel and copper mines at Anarek Cancellation of three-year concession granted to the German group "Ferrostahl" in 1937	19

TABLE OF CONTENTS.

iii

No. and Name.	Date	SUBJECT.	Page
13 Mr. Seymour ... No. 296	1938. Aug. 30	Opening of the Transiranian Railway ... 19 Account of building and official opening	
14 Mr. Seymour ... No. 299	Aug. 31	Intelligence Summary ... 21 No. 18 for the period ended 27th August	
15 Mr. Seymour ... No. 308	Sept. 8	Soviet-Iranian relations ... 25 Conversation with the Iranian Prime Minister	
16 Mr. Seymour ... No. 311	Sept. 14	Intelligence Summary ... 25 No. 19 for the period ending 10th September	
17 Mr. Seymour ... No. 320	Sept. 24	Intelligence Summary ... 29 No. 20 for the period ending 24th September	
18 Mr. Houston-Boswall ... (Bagdad) No. 480	Sept. 30	Ratifications of Frontier Treaty and Protocol between Iraq and Iran ... 32 Extract from Iraqi Government Gazette	
19 Mr. Seymour ... No. 323	Oct. 8	Intelligence Summary ... 32 No. 21 for the period ending 8th October	
20 Admiralty ...	Oct. 26	Protection by His Majesty's ships in the Persian Gulf of vessels of Arab sheikdoms under British protection ... 34 Instructions to Commander-in-chief, His Majesty's ships and vessels, East Indies	
21 Mr. Seymour ... No. 332	Oct. 14	Iranian-United States relations ... 35 Conversation with Mr. Wallace Murray	
22 Mr. Seymour ... No. 333	Oct. 17	Iranian reactions to the Czecho-Slovak crisis ... 36 Conversation with the Iranian Minister for Foreign Affairs	
23 Mr. Seymour ... No. 337	Oct. 22	Intelligence Summary ... 36 No. 22 for the period ending 22nd October	
24 Mr. Seymour ... No. 343	Oct. 31	Celebration of the 20th Birthday of the Crown Prince ... 40 Account of dinner given by the Shah to local Ambassadors, Ministers and their wives, Queen and Princesses being present	
25 Mr. Seymour ... No. 352	Oct. 21	Intelligence Summary ... 41 No. 23 for the period ending 5th November	
26 Mr. Seymour ... No. 354	Nov. 15	Fundamental Law of the Persian Empire: succession to the Throne ... 44 Details of a new law to interpret article 37	
27 Mr. Seymour ... No. 369	Nov. 22	Intelligence Summary ... 45 No. 24 for the period ending 19th November	
28 Mr. Seymour ... No. 381	Dec. 3	Measure conferring Iranian nationality on Princess Fowzieh by Imperial decree ... 47 Details	
29 Mr. Seymour ... No. 383	Dec. 2	Presentation of gift from His Majesty The King to the Shah ... 48 Record of conversation with the Shah after the presentation	
30 Mr. Seymour ... No. 396	Dec. 16	Proposed network of new railways in Iran ... 49 Report on progress of negotiations	

10398 [19297]

B 2

No. and Name.	Date.	SUBJECT.	Page
31 Mr. Seymour No. 400	1938, Dec. 16	Intelligence Summary ... No. 25 for the period ending 3rd December	50
32 Mr. Seymour No. 402	Dec. 17	Intelligence Summary ... No. 26 for the period ending 17th December	54
33 Mr. Seymour No. 404	Dec. 16	Present situation in East Iran ... Copy of a despatch from His Majesty's Consul-General at Meshed enclosing an appreciation of the situation by a travelled American	56
34 Mr. Seymour No. 147. Tel.	Dec. 30	Breaking-off by the Iranian Government of diplomatic relations with France ... Report	59

[E 5190/111/34]

No. (i).

[Documents Nos. (i) to (iii) should have been included in Part XLIII.]

Foreign Office to India Office.

Sir,

Foreign Office, September 15, 1937.

I AM directed by Mr. Neville Chamberlain to invite a reference to Foreign Office letter of the 4th September, enclosing copies of two telegrams from His Majesty's Minister at Tehran, reporting the decision of the Persian Government henceforth to undertake sole responsibility for the necessary lighting and buoying installations in Persian territorial waters in the Persian Gulf, and their request that the necessary steps may be taken for the removal from those waters of the lights and buoys belonging to the Persian Gulf Lighting Service.

2. Although the present decision of the Persian Government takes no account of the protracted negotiations for the conclusion of a protocol whereby they would have taken over the lights and buoys of the Persian Gulf Lighting Service, and empowered the Persian Gulf Lighting Service to act as their agents, at any rate for a time, for the maintenance of those lights and buoys, Mr. Chamberlain is satisfied that the Government of India have in the main no choice but to accept this decision and comply with the request.

3. The lights and buoys which the Persian Government desire to see removed are presumably those enumerated in Annex I to the draft protocol enclosed in Foreign Office despatch to Tehran No. 50 of the 2nd February, 1937, copies of which were sent to the India Office under cover of Foreign Office letter of the 4th February.

4. Of these lights and buoys the only one which serves to mark the main shipping route through the Persian Gulf is presumably the lightship off Qais Island. The eventual disposal of this lightship will no doubt depend on whether or not the new light which the Persian Government have apparently already installed on Qais Island will be sufficiently powerful to render unnecessary a light in the neighbourhood of the island (but outside its territorial waters) or on Stiffe Bank. This is a technical question with which the Foreign Office are not immediately concerned, and the only point which Mr. Chamberlain wishes to make is that, however this question may be answered, it should, in his opinion, be answered in such a manner as to leave the main shipping route independent of Persian co-operation, or at any rate of Persian favours. If, for example, the new light on Qais Island seems likely to prove an adequate substitute for the existing lightship, it may be possible to dispense with any other light near the island or on Stiffe Bank for so long as the new light functions properly. But should this light for any reason cease to function properly, he would be reluctant to contemplate making any representations to the Persian Government on the subject. The proper remedy in such a case would, he considers, be for the Government of India themselves to provide in the area such lights as would be necessary for the proper navigation of the main route up the Persian Gulf. In this connexion it must be remembered that if no light is placed now on Stiffe Bank by the Government of India a light may be placed there by the Persian Government.

5. Of the remaining material, Mr. Chamberlain understands that it could all be removed fairly easily, and either utilised elsewhere or placed in reserve, with the exception of the bases of the flashing-light at Henjam and the lighthouse at Jask and of the beacon at Jask, none of which are presumably of substantial value.

6. As regards the three points referred to in paragraph 4 of Mr. Seymour's telegram No. 119, on which the Persian Government have been asked to give assurances, it is possible, as Mr. Seymour suggests, that the promised Persian reply to Mr. Butler's letter to M. Ansarie of the 13th March (see Foreign Office letter of the 13th April) may contain some responsive observations. Mr. Chamberlain feels sure, however, that there is little likelihood now of persuading the Persian Government to agree to an exchange of notes containing assurances either about consultation with shipowners or the scale of dues. As regards the scale of dues, Mr. Chamberlain feels that it will be necessary to rely for the present on the assurance contained in M. Motamedy's letter to Mr. Butler

of the 20th June, 1936 (see Foreign Office letter of the 1st August, 1936), with at the most an acknowledgment on the lines suggested in Foreign Office despatch No. 50 to Tehran of the 2nd February, and to have recourse to diplomatic representations in the event of the Persian Government charging dues at an excessive rate. These dues will no doubt be levied at Abadan in respect of the Qais Island light and any other route lights which the Persian Government may hereafter establish, and at the individual ports in respect of the lights and buoys at those ports, and, if the recent Perso-Iraqi frontier treaty comes into force, no international questions should arise by reason of the levy of such dues at Abadan. As regards the dues to be paid by Admiralty tankers enjoying the benefit of the lights and buoys, it may be necessary to pursue this question further with the Persian Government on the lines indicated in Mr. Butler's letter to M. Ansarie of the 13th March, although it may equally be better tactics to wait until the Persian Government not only begin to levy dues but attempt to levy them on Admiralty oilers at some unacceptable rate or in some unacceptable manner. These, however, are all matters which can be more fully considered when the written Persian reply is received.

7. It has been possible to discuss the situation informally in the Foreign Office with Colonel Sir John Ward, who will be in this country until about the 27th September, and whose address is: Tanooma, Deal. Sir John Ward is not likely to be in London before his departure, except on Tuesday, the 21st September, and should it be desired to consult him on the technical and administrative aspects of this question, it is suggested that a direct communication should be sent to him at that address.

8. As regards the reply to be made to the Persian Government's present communication, Mr. Chamberlain suggests, subject to the concurrence of the Marquess of Zetland, that Mr. Seymour should be instructed to inform the Persian Government orally that the Government of India regret a decision which means that the time and trouble already taken in working out a scheme to meet that Government's own request will be wasted, but are prepared to remove the lights and buoys in question when the new installations are in place and ready to function, and, when adequate notice of the impending changes has been given to shipping, Mr. Chamberlain would, moreover, propose to authorise Mr. Seymour to put forward the suggestion mentioned in paragraph 4 of his telegram No. 119, that outstanding points regarding the removal of the present lights and the substitution of a service administered by the Persian Government might most satisfactorily be settled by qualified experts from both sides meeting for the purpose.

9. Similar letters are being sent to the Admiralty and Board of Trade.

I am, &c.

LACY BAGGALLAY

[E 6192/111/34]

No. (ii).

Mr. Eden to Mr. Seymour (Tehran).

(No. 411.)

Sir,

Foreign Office, November 2, 1937.

WITH reference to my despatch No. 376 of the 7th October, enclosing copies of correspondence relating to the lighting and buoying of the Persian Gulf and the Gulf of Oman, I shall be glad if you will now, if you see no objection, make to the Persian Government a communication in the sense indicated in paragraph 8 of Foreign Office letter of the 15th September to the India Office, subject to the substitution of the words "and are found adequate to meet the requirements of shipping" for the words "are ready to function."

2. In the meanwhile, I have noted the assurance of the head of the European Department of the Ministry for Foreign Affairs (see paragraph 2 of your telegram No. 132 of the 25th September) that the removal of the existing lights will be asked for successively, as each new light is completed, and not

before, and you will no doubt link your communication with this assurance if you think it desirable.

3. I shall also be glad to learn whether you have yet received a written reply to Mr. Butler's letter of the 13th March.

4. A copy of this despatch is being sent to His Majesty's representative at Bagdad.

I am, &c.

ANTHONY EDEN.

[E 6327/4535/34]

No. (iii).

Mr. Eden to Mr. Seymour (Tehran).

(No. 412.)

Sir,

Foreign Office, November 2, 1937.

I HAVE had under consideration your despatch No. 269 of the 16th July regarding the protection afforded by His Majesty's consular officers in Persia to Portuguese Indians.

2. I concur in the instructions which, in the last sentence of paragraph 2 of your despatch, you propose to send to His Majesty's Consul at Ahwaz on the subject.

3. I am sending a copy of this despatch to His Majesty's Ambassador at Lisbon.

I am, &c.

ANTHONY EDEN.

Printed for the use of the Foreign Office.

CONFIDENTIAL.

Further Correspondence respecting Persia

PART XLV.—JULY TO DECEMBER 1938.

[E 3929/402/34]

No. 1.

Mr. Butler to Viscount Halifax.—(Received July 4.)

(No. 232.)

My Lord,

Tehran, June 18, 1938.

I HAVE the honour to report that a number of incidents, mainly of a minor character, involving the crossing of Iranian troops into British Indian territory, have occurred in recent weeks on the border between Iranian Baluchistan and British Baluchistan (in the vicinity of Kastag, in the south). These have led the Government of India to instruct me to make representations to the Iranian Government.

2. As the Government of India are not anxious to encourage the raising of the question of the demarcation of the Indo-Iranian frontier with the Iranian Government, they at first considered it undesirable that anything in the nature of a strong protest should be made to the Iranian Government, and instructed me to bring the incidents to the latter's attention orally, asking them at the same time to acquaint their officials with the correct position of the boundary in the area concerned. A further, more serious, incident which took place on the 7th May, led the Government of India to modify this attitude, since they considered it essential that steps should be taken to prevent further incidents in the Kastag area, even though they might lead to demarcation. I was accordingly instructed to make a strong protest to the Iranian Government. I accordingly prepared the aide-mémoire, of which copies are enclosed herein,⁽¹⁾ and handed this on the 1st June to the Acting Head of the Third Political Department at the Ministry for Foreign Affairs. This aide-mémoire began with an explanation of a complaint by the Iranian Government to His Majesty's Minister in December last, and went on to describe in detail the incidents of which the Government of India wished for their part now to complain.

3. Before, however, I was actually able to hand in this aide-mémoire, the above official for his part requested, during a talk with the acting oriental secretary to His Majesty's Legation, that enquiries be made regarding two incidents in which it was alleged that British Indian troops had crossed the frontier into Iranian territory. Therefore, when I myself saw M. Zanjani I said that the frontier troubles in Southern Baluchistan had now fallen into three parts.

(a) As regards the first, M. Rais' complaint to His Majesty's Minister in December last, it seemed probable that a misunderstanding had arisen in connexion with Kastag. I showed M. Zanjani on Captain Lovett's map of July 1871, that Kastag *village* was clearly in Iranian territory, but that the Kastag river and plain were partly in Iran and partly in British Baluchistan. The Government of India had satisfied themselves that the parties of levies to which M. Rais' complaint probably referred, had not gone beyond the British portion.

⁽¹⁾ Not printed

- (b) Secondly, there were the Government of India's complaints. I showed M. Zanjani on another map, issued by Edward Stanford for the Ordnance Survey, both Pipal and Piani Sunt marked clearly in British Baluchistan. The Government of India had not wished to stress unduly the first two incidents referred to in my aide-mémoire, which they were prepared to believe had been unpremeditated and accidental. But they could not possibly overlook the third incident, which had involved not only violation of frontier, but the abduction of British-Indian subjects. They felt bound to ask that appropriate steps should be taken urgently by the local authorities. Meanwhile, they had deemed it necessary to authorise a detachment of Mekran levies to move into the British portion of the Kastag plain.
- (c) Thirdly, there were the two incidents about which M. Zanjani had spoken to the acting oriental secretary to His Majesty's Legation on the previous day. I said that I had immediately telegraphed to the Government of India asking that enquiries might be made.

4. I said that we had some reason to think that the incidents that we complained of were due to a gentleman known locally as the "Naib Durrani," who was apt to be over-zealous, and perhaps also the indefiniteness of the frontier. In such conditions elsewhere it was the usual and prudent practice for the armed forces of both sides normally to observe a margin of safety, and this was usually sufficient to avoid incidents. What the Government of India could not tolerate was further incidents like the third one recorded in my aide-mémoire. If it was necessary in order to avoid repetitions the frontier in the Kastag plain could be demarcated, and I gathered that the erection of some four pillars by small survey parties would be sufficient.

5. A few days later I received a telegram from the Government of India reporting yet another incident, as a result of which one Iranian officer and five troops had been arrested on the 31st May for having crossed the border. I telegraphed in reply that I anticipated that when the facts were communicated to the Ministry of Foreign Affairs, as was suggested, they would enquire as to the fate of the men arrested. I was not clear that their removal to a place some 100 miles inland and their detention there could easily be justified to the Iranian Government. Indeed, M. Zanjani did make an oral protest yesterday, saying that the Iranians were military road police in pursuit of smugglers, and stating that the Iranian Government regarded the incident as very serious. I have addressed to him the letter of which I enclose copies herein,⁽¹⁾ and have at the same time expressed to the Government of India the hope that it may be found possible to return the Iranian trespassers as speedily as possible. The place at which this latest incident took place is called by the Iranians Bikadouk; it is almost certainly identical with Begadaq, which, according to a recent survey by the Assistant Political Agent at Mekran, is indisputably in British Indian territory. It appears to be too small a place to be marked on any printed map in my possession; the only map I have which shows it is a sketch map prepared by the Assistant Political Agent.

6. A complication is the fact that the Assistant Political Agent did inadvertently himself cross the border, and penetrate a slight distance into Iranian territory, on the occasion of his survey above referred to, made in March. This seems to have been reported back to the Iranian authorities here, in grossly exaggerated form, and, indeed, to form the basis of the first of the two incidents complained of by the Iranian Government, which I have mentioned in paragraph 3 above. I propose accordingly to take a convenient opportunity to explain the incident, emphasising the *bona fide* character of the Assistant Political Agent's action and conveying a suitable message of regret.

7. Your Lordship may have received through the India Office copies of the telegrams addressed to me on this subject by the Government of India. Unless instructed to the contrary, or unless the incidents acquire a more serious importance for His Majesty's Government in the United Kingdom in their relations with the Iranian Government, I propose to continue to report to your Lordship on this subject by despatch.

I have, &c.

NEVILLE BUTLER.

⁽¹⁾ Not printed.

[E 3930/167/34]

No. 2.

Mr. Butler to Viscount Halifax.—(Received July 4.)

(No. 233.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 13 for the period ending the 18th June, compiled by His Majesty's military attaché to this Legation.

Tehran, June 18, 1938.

Enclosure in No. 2.

(Secret.)

Intelligence Summary No. 13 for the Period ending June 18, 1938.

1. *The Shah.*

HIS Imperial Majesty the Shah and the Royal family are now in residence at the summer palace of Saadabad.

2. *The Crown Prince.*

His Imperial Highness the Crown Prince from his residence at Saadabad frequently visits units of the Tehran garrison, especially those now in camps in the Shimran area.

3. *The Royal Engagement.*

Reference Intelligence Summary No. 12 (current), paragraph 2. The Prime Minister, his Excellency Mahmud Jam (Mudir-ul-Mulk), with the members of the Iranian Mission to the Royal Court of Egypt, has arrived in Cairo.

The Iranian press continue to report at length the demonstrations of enthusiasm with which the engagement has been greeted in Tehran, the provinces and Egypt.

Congratulatory messages from heads of all the Great Powers and others are featured on the front page of newspapers with the Shah's acknowledgment.

There is reason to believe that the Iranian people are generally pleased with this alliance to the ruling family of a leading oriental State. As a result Egypt may become a signatory of the Saadabad Pact.

A stupid Arabian Nights article on the coming marriage by Barbara Board in the *Daily Sketch* of the 24th May aroused the Iranian press to fury.

4. *British Officers.*

Major B. M. Rao, Indian Medical Service, who has been appointed medical officer in East Iran, arrived in Tehran from Bagdad on the 9th June and left for Meshed on the 11th June.

5. *Communications.*

Trans-Iranian Railway.—Reference Intelligence Summary No. 11 (current), paragraph 2. The northern section working southwards has now been completed as far as Iraq (Sultanabad) (million sheet No. 9, square B 2).

The date of the completion of the Trans-Iranian Railway may be delayed till October 1938 owing to unexpected objections raised by the Soviet Government over the matter of importation of railway material via the Caspian Sea.

6. *The Amiranian Oil Company.*

Reference Intelligence Summary No. 12 (current), paragraph 14. It has now been officially announced in the Majlis that the Amiranian Oil Company have abandoned their concession in Iran. The exact reasons are at present unknown, but it would appear that oil has not been discovered in sufficient quantities to warrant the great expense of drilling operations and the laying of a pipe-line, &c.

According to a report from the British military attaché at Kabul, the Inland Exploration Company (the Afghan branch of the Amiranian Oil Company) have

decided to abandon further operations in Northern Afghanistan for the present and to concentrate on operations in Seistan, Kandahar and the Southern Provinces. The company's geologists are, however, of the opinion that there is little hope of finding oil in large quantities in these areas.

To justify the construction of a pipe-line to the Persian Gulf, the cost of which might be £10 million, the production of oil must amount to 4 to 5 million barrels per annum.

The company have never intended installing refineries in Afghanistan, but proposed selling the crude oil in the best market, which might be Russia, Persian Gulf or India.

7. *The Iranian Army.*

(i) Artillery Captain Lippert (Hungarian Reserve of Officers), who for some time past has been employed as an instructor in anti-aircraft gunnery, has left Iran.

(ii) It is reported that there is a proposal to form in each infantry division a non-combatant section for gas defence work. The section will be composed of doctors, hospital orderlies, &c., equipped with protective clothing and chemicals necessary for decontamination of gas-covered areas.

(iii) An Army Council has been created. It is composed of the following members:—

President—

The Acting Minister of War.

Members—

The Under-Secretary for War.

The Chief of the General Staff.

The General Officer Commanding 1st Division.

The General Officer Commanding 2nd Division.

An Officer Commanding-in-Chief.

Director of Munitions Supply.

Director of Medical Services.

Director of Recruiting.

8. *Civil Aviation.*

Deutsche Lufthansa.—Reference Intelligence Summary No. 12 (current), paragraph 19. According to a report from Kabul, the Russian military attaché there stated that his Government were strongly opposed to the establishment of a German civil air service to Kabul and the Far East, and would do everything possible to prevent the inauguration of such a service.

The Russians have, at present, dropped the proposals for the establishment of a similar service between Tashkent and Kabul as a result of their present policy of severing contacts with foreign countries.

Iranian Air Mail Service.—Reference Intelligence Summary No. 7 (current), paragraph 7. The weekly Iranian air mail service from Tehran-Kermanshah-Bagdad now leaves the capital on Thursday mornings, returning on Fridays.

9. *Aerodromes.*

(i) It has been decided to construct a civil aerodrome at Qum (million sheet No. 9, square 2 C). A site has been selected to the east of the town and near the River Safidabad. The work of levelling, &c., will commence shortly.

(ii) The landing ground at Mussik (Merivan) (degree sheet 2 I, square 2 A) has been completely relevelled.

(iii) The Senneh landing ground has also been repaired.

10. *National Defence.*

A Council of National Defence has been created under the presidency of His Imperial Majesty the Shah. It will be composed of all the Cabinet Ministers and the Chief of the General Staff. It will meet only by the order of the Shah.

11. *The Iranian Navy.*

Lieutenants Bayendor and Mohammad Ardali have left Iran for Italy to undergo a course of instruction with the Royal Italian navy.

12. *Chinese Interests.*

A Chinese Mahometan delegation consisting of five, under the leadership of Jalal-ud-Din, member of the Chinese Parliament, have arrived in Iran. They have recently visited Mecca, Egypt and Iraq and are now on the way to Afghanistan and India.

13. *Buildings.*

(i) A large paper mill is being planned for Isfahan with a subscribed capital of 4 million tomans (£500,000). Messrs. Ferrostahl, of Germany, are to supply the machinery and other appliances required. The company's specialists are already in Isfahan studying conditions, &c.

(ii) Reference Intelligence Summary No. 11 (current), paragraph 11 (i). The two grain silos of 16,000 tons capacity at Isfahan and Tabriz have practically been completed. The one at Tehran of 65,000 tons capacity is also nearing completion. This silo will be capable of milling, by electrical energy, 100 tons of flour every twenty-four hours.

(iii) This year also work has commenced on the construction of the silos at Kermanshah and Shiraz, and the foundations of the silos at Meshed and Ahwaz have been excavated. All these silos are of 16,000-ton capacity and are of the most modern design.

14. *Town Lighting.*

The street lighting of Tehran is being rapidly reorganised and improved. Thousands of locally-made cement lamp standards have been ordered and many are already in position. The equipment is supplied by Skodas.

The light given is very strong and a great improvement on the old system. Electric current is said to be now supplied to private users at 2 rials (6d.) per unit against the Legation charge of 5 rials (1s. 3d.) per unit.

15. *Automatic Telephones.*

According to a press report, 6,000 Siemens-Halske automatic telephone instruments have been ordered by the Tehran Telephone Company.

16. *Broadcasting.*

(i) The Telefunken Company of Germany have offered to install free a small broadcasting apparatus at Tehran. They are also reported to have secured the contract for refitting the wireless station at Qasr Kajar near Gulhaq.

(ii) According to a report from Kabul, the Soviet Government have recently begun to broadcast short programmes in Persian to Afghanistan.

17. *German Interests.*

It is reliably reported that over thirty German and Austrian engineers and expert technicians have recently been recalled to Greater Germany, where it is rumoured there is a shortage of engineers. One von Rabatschwitz, an Austrian engineer, is said to have been sent specially to Tehran by the German Government to make arrangements for the calling up of these Austrian and German engineers.

There are approximately 200 German and Austrian engineers in Iran.

18. *Tobacco Monopoly.*

Dr. Friedlieb, the director of the Tobacco Monopoly, on his return from Germany was informed that he would in future be subordinate to the Iranian board of directors. Dr. Friedlieb resigned. He is still in Tehran.

19. *Tribal.*

Arabs.—It is confirmed that one Osman Beg, chief of the sheikhan branch of the Sharaf Bayani tribe of Arabs who dwell about 40 miles north-east of Khanaqin, has turned outlaw and has fled to Iran, accompanied by about 100 of his tribesmen. Osman Beg had apparently declined to meet the Iraqi authorities' demands for payments of arrears of taxes. It is reported that he is now residing in Asqailah (degree sheet 2 F, square D 1) and is carrying out raids on nearby Iraqi villages.

The Iraqi Government have protested to the Iranian Government.

[19297]

c*

Baluchis.—The Education Department intend building a Government school at Dizzak (degree sheet 31 I, square B 3). The local Baluchis have vigorously protested.

20. Irano-Baluchistan Frontier.

Several incidents of violation of the undemarcated frontier in the area of the Kastag Valley-Pilani Sunt (million sheet No. 31, square B 3) have taken place recently and are on the increase. The Iranians claim that the village of Bikadouk or Begadab is in their territory, which is denied.

Recently the Mekran Levy Corps reinforced their patrols and subsidiary posts in the area in question.

The latest incident occurred on the 31st May, when a patrol of six Amnieh (road guards) under an officer were arrested for alleged violation of the frontier by a strong patrol of the Mekran Levy Corps. The prisoners were taken to Turbat (million sheet No. 31, square D 3) for interrogation.

21. Roads.

Afghanistan.—The Herat-Kabul (million sheet No. 29) road via Obeh-Daulatyar-Panjao-Bamian-Charikar is reported as unsafe and difficult. Travellers are advised to use the Herat-Farah-Kandahar-Kabul road.

22. Military Publications.

Issue No. 5 of volume II of the *Piyada Nizam (Infantry Journal)* contains several translations from foreign military journals on mechanisation—defence against A.F.V.'s, &c., with photographs of French, German and British tanks and tractor-drawn artillery. It is noticed that these translations of articles on mechanisation are increasing in this magazine.

H. J. UNDERWOOD, *Lieutenant-Colonel,
Military Attaché.*

Gulhek, June 18, 1938.

[E 3913/127/34]

No. 3.

Sir M. Peterson to Viscount Halifax.—(Received July 4.)

(No. 274.)

My Lord,

Bagdad, June 22, 1938.

I HAVE the honour to report that on the 21st June, during the course of my weekly interview with the Minister for Foreign Affairs, his Excellency spoke to me about the news which he had recently been receiving from Iran.

2. He mentioned first the rearming of the Persian army, and told me that he had reliable information that the Persians had purchased from Czechoslovakia fifty batteries of field and fifty batteries of mountain guns (he did not know how many guns there were to each battery). This information has caused some alarm to the Iraqi General Staff and had increased their desire to strengthen their own artillery without delay.

3. He went on to say that he had received a number of reports from the Iraqi consul at Tabriz which indicated that relations between Iran and Soviet Russia were becoming strained. According to these reports the trouble had started about a deal in cattle. In fulfilment of their trade agreements, the Persians had gathered for delivery to the Soviet Government large herds of cattle at some point close to the Azerbaijan frontier. There had, however, been some hitch in settling the details of the transaction and the Persians had delayed the handing over of the herds. Thereupon Soviet troops had actually crossed the frontier and carried off the cattle from Persian territory.

4. After this incident the Persian troops in Azerbaijan had been reinforced and two divisions, the second and the fourth, with a total strength of over 5,000 men, were now concentrated in the province.

5. Taufiq Suwaidi went on to explain that, according to his information, the Soviet Government disliked the Saadabad Pact and were bringing considerable pressure to bear on the Persian Government to withdraw from it. He had further

evidence of the serious attention which the Persian Government were giving to the possibility of trouble with the Soviet Government. Quite recently a party of Persian staff officers, accompanied by a French general, had carried out an extensive tour of the north-western provinces of Iran with the intention of preparing a defence plan against a Russian invasion.

6. He had questioned the Persian Minister in Bagdad on this subject, but the Minister had been evasive and was probably not well informed about the situation.

7. I said that I had no information to confirm these reports of the Iraqi consul in Tabriz, but *prima facie* it seemed to me improbable that the Soviet Government would wish to become entangled in difficulties with Iran as they were bound to devote their attention to the complex situation in Central Europe and in the Far East.

8. I then asked how the Minister now found the relations of his own Government with the Persian Government. He said that, during the last few weeks, they had outwardly improved, but that feelings of real confidence and sympathy had not yet been established. He thought, however, that the Shah had recently given orders that care should be taken to avoid difficulties developing between the two countries.

9. He concluded by telling me that the Iraqi Minister at Tehran would be coming to Iraq soon on leave prior to retiring. A successor would be appointed in the autumn who would also be accredited to Kabul.

10. The Persian Prime Minister is stopping for a day or two in Bagdad on his way back from Egypt, arriving on the 26th June.

11. I am sending a copy of this despatch to His Majesty's Chargé d'Affaires at Tehran.

I have, &c.

MAURICE PETERSON.

[E 4194/127/34]

No. 4.

Sir M. Peterson to Viscount Halifax.—(Received July 15.)

(No. 286.)

My Lord,

Bagdad, June 28, 1938.

WITH reference to my despatch No. 139 of the 7th April, I have the honour to report that ratifications of the Frontier Treaty and Protocol between Iraq and the Iranian Empire, signed at Tehran on the 4th July, 1937, were exchanged in Bagdad on the 20th June at the Iraqi Ministry for Foreign Affairs.

2. I am sending a copy of this despatch to His Majesty's Chargé d'Affaires at Tehran.

I have, &c.

MAURICE PETERSON.

[E 4210/43/34]

No. 5.

Mr. Butler to Viscount Halifax.—(Received July 15.)

(No. 88.)

(Telegraphic.)

Tehran, July 15, 1938.

MY telegram No. 59.

To-day's newspapers announce that services of Minister for Foreign Affairs and Minister of Public Instruction have been dispensed with. This confirms belief held generally yesterday that both were dismissed after meeting of Ministers on 13th July. The only explanation current so far seems inadequate. Administration of Ministry for Foreign Affairs is temporarily entrusted to M. Mohsen Rais, Political Director-General, who was favourite for Legation, London.

(Repeated to Simla, No. 62 of 15th July.)

[E 4275/43/34]

No. 6.

Mr. Butler to Viscount Halifax.—(Received July 19.)

(No. 89.)

(Telegraphic.)

Tehran, July 18, 1938.

MY telegram No. 88.

Muzafha Aalam, until recently Iranian Minister, Bagdad, has been appointed Minister for Foreign Affairs. Please see 1937 "Personalities," No. 2. (Repeated to New Delhi, No. 64, and His Majesty's representative, Bagdad, No. 13 of 18th July.)

[E 4395/167/34]

No. 7.

Mr. Butler to Viscount Halifax.—(Received July 25.)

(No. 250.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 14 for the period ended the 2nd July compiled by the military attaché to this Legation.

Tehran, June 2, 1938.

Enclosure in No. 7.

(Secret.)

*Intelligence Summary No. 14 for the Period ending July 2, 1938.*1. *The Shah.*

HIS Imperial Majesty the Shah and the Royal Family are still in residence at the summer palace of Saadabad.

2. *The Royal Engagement.*

The Iranian Mission to Egypt are now on their way back to Iran. Before his departure his Excellency Mahmud Jam, the Prime Minister, on behalf of the Shah, decorated His Majesty King Farouk with the "Grand Cordon of the Order of Pahlevi," the highest decoration in Iran. King Farouk, in his turn, decorated M. Jam with the "Grand Order of Mohammad Ali" and Dr. Naficy with the "Order of Ismail," 1st Class.

An article about the Royal engagement and Iran, which appeared in the *News Review* of the 2nd June, has brought a long and furious reply from the official *Iran*. During the course of its tirade the newspaper makes the interesting statement that this is not the first time in Persian history that a Shiah of Royal blood has married a Sunni. Apparently a daughter of Shah Abbas Safavi married the Governor of Ardelan (now Kurdistan), who was a Sunni.

3. *British Interests.*

Major J. B. Cunningham, Royal Indian Army Service Corps, language student, has arrived in Isfahan.

4. *Iraqi Interests.*

His Excellency Khalil Suleyman, Minister for Iraq, has left Tehran on completion of three years' appointment.

5. *French Interests.*

As no facilities are granted to the French military attaché (Chef d'Escadron Leleu) to see units of the Iranian army or to attend manoeuvres, the French Ministry of War have withdrawn the special permit granted to the Iranian military attaché in Paris.

6. *Egyptian Interests.*

(i) Reference Intelligence Summary No. 12 (current), paragraph 6. Owing to continued ill-health, his Excellency Mufti-el-Jezayerli, Minister for Egypt, has resigned. His Excellency Latif Tal'at Bey, Minister at Madrid, has been appointed Minister at Tehran in his place.

(ii) Recently a party of Egyptian cinema photographers arrived in Tehran by a specially chartered Mistr Airways aeroplane. They are engaged in taking films of Tehran and some of the more picturesque scenery in Iran. They brought with them films showing the arrival and reception of the Iranian Mission in Alexandria.

7. *Iranian Army.*

(i) Général de Division Gendre of the French military mission, accompanied by several staff officer instructors and students of the École de Guerre, visited the Iran-Baluchistan frontier north-east of Zahidan and the track from Kuh-i-Malik Siah to Robat (Degree Sheet 30.C—Square D.1).

They also visited Zabul and the Helman River at Band-i-Kuhak (Degree Sheet 30.F—Square D.1) before returning to Tehran.

(ii) As only five members of the French military mission remain, it has been decided to appoint instructors for the École de Guerre from the Iranian army itself. Several senior officers have been detailed and are now being hurriedly put through a three months' intensive course by their French instructors. The next term of the École de Guerre commences in September.

(iii) It is reliably reported that there is still a serious shortage in officers on the active list of the Iranian army. In the artillery arm the deficiency is 40 per cent., in the infantry 20 per cent. and 25 per cent.

(iv) A consular report from Kermanshah states that boys of school-leaving age are being urged to join the Military Cadet College (Dabirestan-i-Nizam), and are being threatened that, if they do not do so, they may be deprived of any diplomas which they have been awarded at school.

(v) It is reliably reported that the whole of the Iranian army is now equipped with the 7.9-mm. B.R.N.O. rifle. For drill purposes only the old French and Russian rifles are still in use.

(vi) A military mission headed by Sartip (Brigadier) Shovanlou has left for Hungary in order to purchase heavy draught horses for the new Skoda 105-mm. (long) batteries. The horses will be despatched to Iran via Trebizond and Tabriz.

(vii) The Ministry of War has set up a special military commission under the presidency of Sartip (Brigadier) Khazari to inspect all magazines and armouries, to fix the quantities of artillery and small arms ammunition required for annual training, also to fix the quantities required as a reserve for war.

(viii) The Conscription Bureau have called up for one month's training with the colours all men born in A.H. 1284 (A.D. 1906) from the following areas: Tehran, Qazvin, Qum, Semnan, Firouzkuh and Sabzewar.

The numbers affected are estimated at 4,000.

8. *Boy Scouting (Pishahingī).*

According to the official press, the number of boy scouts in Iran are increasing. The latest figures are as follows:—

Total number of troops	698
Total number of boy scouts	18,564
Total number of scout officers	4,402

9. *The Iranian Navy.*

Reference Intelligence Summary No. 23 of 1937, paragraph 10. The Iranian Government have dropped their request for the loan of a British naval officer as an instructor in marine surveying, &c. It is reported that the salary asked for by His Majesty's Government was too high.

10. *Civil Aviation.*

(i) Deutsche Lufthansa aeroplanes no longer land at Meshed aerodrome; the company had apparently satisfactorily concluded negotiations with the Government for carrying passengers from Tehran to Meshed and *vice versa*, but the

[19297]

c* 3

Shah refused to give his final approval to the scheme, as a result, it is said, of Russian pressure.

(ii) A report from Kabul confirms that Deutsche Lufthansa must obtain permission from the Afghan Government every time they fly machines to Kabul.

11. *Irano-Baluchistan Frontier.*

Reference Intelligence Summary No. 12 (current), paragraph 20. The Iranian Amnieh (Road Guards) have now been released and escorted back to the frontier. The troops of the Mekran Levy Corps have withdrawn from the area in dispute except for observation posts.

The chief cause of the trouble is the impetuosity of the new officer in charge of the Iranian Amnieh known as the Naib Durrani.

The matter is still under discussion between the Governments of Iran and India.

12. *Russian-Iranian Frontier.*

Unusual Russian military activity is reported in the Sarakhs area (Million Sheet No. 28—Square B.4).

The Khorasan Irano-Russian frontier is said to be partially closed.

13. *Communications.*

(i) *Bridges.*—A bridge has been completed between Mian Pushtah (Pahlevi) and Ghazian (Degree Sheet 8.G—Square B.3). This now permits of easy communication between Ghazian and Pahlevi on the other side of the estuary. Formerly there were only ferry-boats.

(ii) *Railways.*—Recently several Swedish engineers arrived in Zinjan (Million Sheet No. 8—Square 4.A) to survey the route of the proposed Tehran—Tabriz—Turkish frontier railway. An order for 1½ million marking pegs has already been given.

14. *Conscription.*

Reference Intelligence Summary No. 8 (current), paragraph 4. The new conscription law, introduced into the Majlis on the 4th April, has passed its second reading and *ipso facto* becomes law.

15. *Medical.*

A Government laboratory has been constructed at Hessarak (Degree Sheet 9.I—Square D.1), about 30 miles west of Tehran, for the preparation of anti-typhoid and anti-diphtheria serums.

The Pasteur Institute of Tehran is also collaborating with the laboratory.

H. J. UNDERWOOD, Lieutenant-Colonel,
Military Attaché.

Gulhek, July 2, 1938.

[E 4673/127/34]

No. 8.

Mr. Butler to Viscount Halifax.—(Received August 9.)

(No. 254. Secret.)

My Lord,

Tehran, July 8, 1938.

I HAVE received from His Majesty's Ambassador at Bagdad a copy of his despatch to you, No. 274 of the 22nd June, recording remarks by the Iraqi Minister for Foreign Affairs on certain affairs concerning Iran. I would venture to offer the following comments on the points therein raised.

2. As regards purchases of arms from Czechoslovakia, I understand that fifty batteries of 105 mm. Skoda guns (four guns to each battery) were ordered in 1937. Thirty-eight batteries have been delivered so far, and the remainder are expected before the end of the year. I am informed that the Iranian military authorities are purchasing Hungarian draught 'prses to equip these batteries.

3. In the third and fourth paragraphs of his despatch Sir Maurice Peterson mentions an incident on the boundary between the Union of Soviet Socialist Republics and Iran. I received a report of rumours of such an incident from the acting British consul at Tabriz in March last, but at the time it proved impossible to confirm them. At the time it appeared that such an incident, if it had occurred, was probably connected with the recent expulsions of Iranian subjects from Soviet territory, on which I had the honour to report to your Lordship in my despatch No. 221 of the 14th June. There have subsequently been reports, which again I have been unable so far to confirm, of an increase in Russian fortifications on this border.

4. As regards, in particular, paragraph 4 of Sir Maurice Peterson's despatch, it should be noted that the 4th Division of the Iranian army (the Eastern Azerbaijan Division) is permanently stationed in that locality; the 2nd Division is in Tehran, and has not moved.

5. Tawfiq Suwaidi mentioned to His Majesty's Ambassador that, according to his information, the Soviet Government disliked the Saadabad Pact. In conversation with me a few days ago, the counsellor to the Soviet Embassy maintained, however, as he did last year, that his Government regarded the pact as involving some measure of "assainissement" in the Middle East, and therefore as something on the whole to be welcomed.

6. It is correct that General Gendre, of the French Military Mission, who has temporarily been appointed adviser on frontier defences, has recently visited the frontier, as Tawfiq Suwaidi said (please see the last sentence of paragraph 5 in Sir M. Peterson's despatch). General Gendre has made a tour of all Iran's frontiers, including that with India in Baluchistan; he gave me to understand that the Azerbaijan visit was more or less of a routine nature, enquiring laughingly whether war was expected there.

7. Mr. MacDougall, adviser to the Iraqi Ministry for Foreign Affairs, was recently here on leave; he left to visit Tabriz, where he was to stay with His Majesty's consul. His intention was to proceed to Tiflis, for which journey he obtained a visa from the Soviet Embassy here. On his return to Bagdad he will no doubt be able to give the Iraqi Government his first-hand impressions of the situation in that locality.

8. I am sending a copy of this despatch to His Majesty's Ambassador at Bagdad, No. 39.

I have, &c.

NEVILLE BUTLER.

[E 4635/167/34]

No. 9.

Mr. Butler to Viscount Halifax.—(Received August 8.)

(No. 267.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 15 for the period ending the 16th July, 1938, compiled by the military attaché to this Legation.

Tehran, July 16, 1938.

(Secret.)

Enclosure in No. 9.

Intelligence Summary No. 15 for the Period ending July 16, 1938.

1. *The Shah.*

HIS Imperial Majesty the Shah and the Royal family are still in residence at the summer palace of Saadabad. His Majesty is reported to be as indefatigable as ever, rising at 4 A.M. and retiring to rest between 8 and 9 P.M. He continues to pay unexpected visits to the various training camps, &c., in the neighbourhood.

[19297]

c* 4

2. The Royal Engagement.

The Iranian mission headed by the Prime Minister, M. Mahmud Jam, has returned from Egypt. The Prime Minister has been decorated by the Shah with the "Order of the Taj (Crown)," 1st Class.

No official announcement has yet been made concerning the marriage, but it is thought most probable that it will take place soon after Nou Ruz (21st March) next year.

Considerable speculation is current as to what really happened in Egypt. It is said that the Egyptian Ministers made careful enquiries as to whether Princess Fowzieh would be recognised as the Crown Princess and eventual Queen of Iran, whether any son born to her would be recognised as the heir to the throne. (At present this is against the Constitution.) It is further said that the Prime Minister had to consult his Royal master by telegraph on these subjects, much to the surprise of the Egyptians.

The "man in the street," who originally said that the whole business had been engineered by the British, says that the British are not now so keen that the marriage should take place.

The Iranian press continues to attack the foreign press for the publication of articles on the engagement à la *Daily Sketch*.

3. Iranian Officials.

(i) His Excellency S. Mostafa Adl (Mansur-us-Saltaneh) (Foreign Office Personalities, No. 3) has been appointed Iranian Minister at Rome to fill an existing vacancy.

(ii) His Excellency M. Anushirwan Sipahbudi (Military Attaché's Personalities, No. 206; Foreign Office Personalities, No. 179) has been appointed Iranian Minister at Paris to fill an existing vacancy.

(iii) His Excellency Ali Soheily, Foreign Minister, and his Excellency Ali Ashgar Hikmat, Minister of Education, have been temporarily suspended from duty. The reason is not known.

4. The Iranian Army.

(i) Général de Division Gendre, head of the French Military Mission, has handed over that appointment to Colonel Henriot. Général de Division Gendre is now acting as adviser on frontier defences until he finally leaves for France in September.

From the 7th to 20th June General Gendre, together with a number of senior Iranian staff officers, visited various military frontier posts in Kurdistan.

(ii) It is reported from Czechoslovak sources that over 100 anti-aircraft machine guns have been ordered. These guns are said to be of the latest pattern and used in pairs on a twin mounting.

(iii) Six Iranian officers who have completed the last course at the Ecole supérieure de Guerre at Tehran have been selected to proceed to Europe in September for further instruction at the staff colleges in Berlin, Paris, Brussels and Stockholm.

(iv) It is reliably reported, but as yet unconfirmed, that the garrison at Rezaieh, 3rd (Western Azerbaijan) Division, has been increased by at least two complete regiments. New barracks are also being constructed just outside the town.

5. Communications.

(i) Reference Intelligence Summary No. 10 (current), paragraph 10 (i) and (ii). It is reported from a reliable source that Consortium Kampsax will construct the line Tehran-Tabriz-Turkish frontier. The survey and staking of this line between Tehran and Qazvin (million sheet No. 8, square 3 B) has already been completed.

The survey party are now at Siah Dahan (million sheet No. 8, square B 4), working on the second section, Qazvin-Zinjan (million sheet No. 8, square A 4).

(ii) The Iranian Government themselves intend to carry out the extension of the Qishlaq (million sheet No. 16, square A 1)-Semnan (million sheet No. 16, square B 1) to Meshed.

(iii) Great importance is given to the construction of a branch line from Qum (million sheet No. 9, square C 2) to Qashan (million sheet No. 16, square B 3)-Anarek (million sheet No. 16, square B 3) in order to exploit the large mining area there (*vide* Intelligence Summary No. 12, paragraph 17). A survey party is already at work on this route, which it is considered presents few engineering difficulties.

6. Meteorological Classes.

The Ministry of Education has arranged for meteorological classes to be held for school-teachers who are to be trained as observers. The first course is to commence at Tehran shortly.

7. The Amiranian Oil Company.

Reference Intelligence Summary No. 13 (current), paragraph 6. According to a report from the British military attaché at Kabul, the Inland Exploration Company (the Afghan branch of the Amiranian Oil Company) have decided to abandon their concession in Afghanistan.

8. Irano-Turkish Frontier.

In accordance with the Irano-Turkish Treaty, a mixed commission will meet periodically to decide all frontier questions.

This mixed commission is now assembled for the first time at Trebizond in order to discuss questions concerning the construction of custom-houses and through transit for commercial motor lorries on the Trebizond-Tabriz high-road.

9. Boy Scouting.

The Ministry of Education has circularised all provincial educational authorities, ordering them to redouble their efforts to increase the number of boy scouts, and to hold camps for their instruction in scouting and physical training.

It has been decided to hold a "Jamboree" at Persepolis from the 21st March to the 20th April, 1939.

10. Refugees.

Reference Intelligence Summaries Nos. 9 and 10 (current), paragraphs 8. A further batch of 250 deported Iranian subjects, mostly women and children, recently arrived in Bandar Pahlevi.

Another party of fifty-six (all women and children) have arrived at Bajgiran (Khorasan) (million sheet No. 22, square C 3) in a pitiable state. They have apparently been deported without their menfolk and are most anxious about their fate.

The official Iranian press have recently published articles protesting against these deportations, but couched in quiet terms.

11. The Iranian Tobacco Monopoly.

British mechanics employed by the Iranian Tobacco Monopoly are experiencing difficulty in obtaining the sterling portion of their salary. In the majority of cases it has not been paid for three months. A strike is contemplated.

12. Civil Administration.

Reference Intelligence Summary No. 2 of 1938, paragraph 3, and Intelligence Summary No. 8 of 1938, paragraph 12. A sketch plan showing the boundaries of the new "Ustans" is given as Appendix "A" to this summary.⁽¹⁾

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Gulhek, July 16, 1938.

⁽¹⁾ Not reproduced.

Mr. Butler to Viscount Halifax.—(Received August 15.)

(No. 272.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 16 for the period ending the 30th July compiled by the military attaché to this Legation.

Tehran, July 30, 1938.

(Secret.)

Enclosure in No. 10.

Intelligence Summary No. 16 for the Period ending July 30, 1938.

1. *The Shah.*

HIS Imperial Majesty the Shah, accompanied by His Imperial Highness the Crown Prince, visited the Iranian aircraft factory of Shahbaz, Doshantappeh, on the afternoon of Thursday, the 21st July, to inspect the five De Havilland aircraft, the fuselages and airframes of which had been built at the factory.

The inspection and test flying was very satisfactory, and His Imperial Majesty expressed his approval both to Sarhang (Colonel) Khrosvani, Air Officer Commanding, and Sarwan (Captain) Afghami, chief test pilot of the Iranian Air Force.

The Iranian press have published a large number of photographs and special articles of the event, praising the progress made at the aircraft factory and the extraordinary forethought of His Imperial Majesty in setting up such a factory.

Great care was taken to see that none of the British mechanics appeared in any of the photographs, and no mention was made of their presence.

2. *Iranian Officials.*

(i) Reference Intelligence Summary No. 15 (current), paragraph 3 (iii). His Excellency Muzaffar Alam (Military Attaché's Personalities No. 11; Foreign Office Personalities No. 2), Iranian Minister to Iraq since April 1936, has been appointed Minister for Foreign Affairs in succession to His Excellency Ali Soheily, dismissed.

(ii) Reference Intelligence Summary No. 15 (current), paragraph 3 (iii). His Excellency Ali Ashgar (Military Attaché's Personalities No. 78; Foreign Office Personalities No. 98) is still suspended. Dr. Nasr has been appointed Acting Minister. The suspension of Hikmat is rumoured to be in connexion with the despatch of a telegram of good wishes to the organisers of the Exhibition of Iranian Art at the National Library in Paris. This exhibition has apparently not been approved by the Shah.

3. *Roumanian Interests.*

A special memorial service for Her Majesty the late Queen Mother of Roumania was held in the American Church, Tehran, on Sunday, the 24th July. The Iranian Cabinet, headed by the Prime Minister and all heads of missions, were present with their staffs.

4. *Iranian Army.*

(i) Reference Intelligence Summary No. 8 (current), paragraph 9. The new military barracks at Khwash (million sheet No. 30, square B 4) have been completed.

The barracks at Zahidan (Duzdap) (million sheet No. 30, square 3 A) and Zabul (million sheet No. 30, square B 1) are also nearing completion.

The new barracks form part of the new reconstruction work in the port of Chahbar (million sheet No. 31, square 3 A).

(ii) The majority of range-finders now in use in the Iranian army were supplied by the well-known S.O.M. of Paris.

(iii) It is reliably reported that all obsolete guns of the 10th Artillery Regiment, 8th (Mekran) Division, have been replaced by new Skoda armament. Some of the obsolete guns have been allotted to the garrisons of Chahbar and Bakhshan (degree sheet No. 31 I, square B 3).

(iv) Reference Intelligence Summary No. 14 (current), paragraph 12. From a consular source it is reported that several new Iranian cavalry observation posts have been established on the Irano-Russian frontier in Khorasan.

(v) The great majority of the military garrisons, both of Tehran and the provinces, are now in camp in the hills adjacent to their permanent stations. From camp they are carrying out platoon, company and battalion training and field firing.

The artillery of the Central Garrison has been practising almost daily with live shells in the foothills west of Tehran and Tarsabad (million sheet No. 9, square D 1).

5. *The Iranian Air Force.*

(i) On the afternoon of the 21st June a demonstration was given by the five new "Tiger-Moth" machines referred to in paragraph 1 in formation flying by Sarwan (Captain) Afghami and five sergeant pilots in the presence of His Imperial Majesty the Shah. A British eye-witness states that the performance was carried out with skill, and reflects great credit on the progress made by pilots of the Iranian air force during the past two years.

His Imperial Majesty the Shah appeared to be liverish when he arrived at the aerodrome, but on conclusion of the demonstration referred to expressed his satisfaction and left the aerodrome with a broad smile.

(ii) It is reliably reported that the air squadron at Meshed will be expanded into a regiment (No. 4 Regiment) as soon as new machines become available.

(iii) Fuselages and airframes for ten new machines (five De Havilland "Tiger-moth" and five "Hawker Audax") are now under construction at the Iranian Aircraft Factory at Shahbaz, Doshantappeh.

It is reported that the fuselages and airframes for these "Tiger-Moths" are expected to be completed within three months. It is understood that the engines are already in stock.

6. *Communications.*

(A) *Railways.*—(i) Rapid progress is being made with the laying of the track on the remaining section of the Trans-Iranian railroad. Rails are being laid at the rate of 3 kilom. per day. There now remains only 80 kilom. to complete. The expected junction of the line is forecast for the 25th August.

(ii) Five locomotives of German manufacture were recently delivered at Bandar Shah. They were immediately driven to the locomotive sheds at Sari.

(iii) A complete list of the stations on the Tehran-Bandar Shah line, together with the present timings for passenger trains is given as an appendix to this summary.⁽¹⁾

(B) *Roads.*—The new road from Zahidan (million sheet No. 30, square A 3) to Khwash (million sheet No. 30, square A 4) via Qwarkub (million sheet No. 30, square C 3) is reported to be good for the first 70 miles and then takes to the nullah bed. This road is 12 miles shorter than the Khwash-Zahidan road via Mirjawa and Ladis, which, although very well constructed, is narrow.

Water is available every 25 miles on both roads.

7. *The Anglo-Iranian Oil Company.*

(i) The annual report of the Anglo-Iranian Oil Company has been published and has caused general satisfaction. This shows an extra million pounds in royalties and taxation over the figures for the previous year.

As it appears to be the company's intention to develop the new oil areas discovered at Gach Saran (degree sheet No. 10 J, square D 4) and Naft-i Safid near Haft Khel (million sheet No. 10, square B 1), this increase in royalties is likely to continue.

All moneys derived from the Anglo-Iranian Oil Company sources are earmarked for Iranian army expenditure.

(ii) The internal demand for petrol and oil has diminished considerably recently owing to the decrease of lorry traffic. The majority of the 250 oil tankers belonging to the company are lying idle.

8. *Refugees.*

(i) Reference Intelligence Summaries Nos. 9, 10 and 15 (current), paragraphs 8 and 10. During the period under review a further batch of 954 deported Iranian subjects arrived in Bandar Pahlavi. This makes the total number of deportees nearly 9,000.

(ii) Nineteen families of Turks exiled from U.S.S.R. (Bokara) have passed through Iran on their way to Taurus.

(iii) A consular report from Meshed states that many of the recently-deported refugees now state that had they known what was in store for them in Iran they would have willingly adopted Russian citizenship and so at least would have been able to retain their household effects.

9. *Tribal.*

Reference Intelligence Summary No. 12 (current), paragraph 12. It is confirmed that Malik Ali Shah Khan, the Narui Sirdar, and his followers have now been completely evacuated to Zabul (million sheet No. 30, square B 1).

10. *Road Traffic.*

Owing to the decrease in trade and the lowness of the present fixed rates which make it impossible for lorry owners to make a profit, there is much less lorry traffic on the main roads throughout the country.

With the approaching junction of the Trans-Iranian Railway freights, too, will be carried by the railroad.

11. *Industry.*

It is reported from consular sources that visitors who previously had been welcomed are not now allowed to enter any factory without the formal permission of the Department of Industry. Cases have occurred both at Yezd and Isfahan of visitors being refused permission. A rumour attributes this to fear of Russian sabotage.

12. *Harvest.*

The present harvest is above the average and is estimated to be sufficient for the needs of the country for two years. This will enable the Government to store sufficient reserves of grain in the newly-constructed silos and also to export to Germany.

13. *The Iranian Press.*

Recently the Iranian press have fiercely attacked the French press, especially for an article in the Paris daily, *L'Intransigeant*, entitled: "Although the Shah said no, the exhibition was held all the same."

The article in question refers to the recent exhibition of Persian art held in Paris.

13. *Military Publications.*

Issue No. 6 of Volume II of the *Piyada Nizam* (Infantry Journal) contains nothing of interest to the General Staff.

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Gulhek, July 30, 1938.

[E 5088/167/34]

No. 11.

Mr. Seymour to Viscount Halifax.—(Received August 30.)

(No. 284.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 17 for the period ending the 13th August, 1938, compiled by the military attaché to this Legation.

Tehran, August 13, 1938.

Enclosure in No. 11.

Intelligence Summary No. 17 for the Period ending August 13, 1938.

1. *The Shah.*

HIS Imperial Majesty the Shah, accompanied by the Crown Prince and a small personal staff, left Tehran for a few days' rest at his estate at Kalar Rustaq near Chalus (degree sheet 8 P, square B 2). From there he inspected the harbour construction work at Nau Shahr. The work, which is being carried out by a Dutch company, is expected to be finished in two months. The harbour will be able to accommodate any of the Russian vessels plying in the Caspian Sea.

The estate of Kalar Rustaq formerly belonged to the late Mohammad Wali Khan Sepah Salar, and was confiscated to His Majesty some years ago. The mansion house has been entirely renovated and great improvements made in the agricultural wealth of the estate.

On his return His Majesty proceeded at once to his palace at Saadabad.

2. *Iranian Officials.*

Reference Intelligence Summary No. 16 (current), paragraph 2 (ii). His Excellency Mohammad Ismail Merat, a former Governor of Kerman and lately supervisor of Iranian students in Europe, has been appointed acting Minister of Education, *vice* Ali Ashgar Hikmat (Military Attaché's Personalities, No. 78; Foreign Office Personalities, No. 98), dismissed. The new acting Minister is reported to be a hard worker, but does not possess the experience or capabilities of his predecessor.

It is stated that His Imperial Highness the Crown Prince interceded with his father on behalf of Hikmat, but without success.

(ii) His Excellency Baqr Kazemi (Muhazzib-ud-Dowleh) (Military Attaché's Personalities, No. 104; Foreign Office Personalities, No. 107), Ustader of No. III Ustan (Western Azerbaijan) has been appointed Iranian Ambassador in Afghanistan.

3. *British Interests.*

(i) His Excellency Mr. H. J. Seymour, C.M.G., C.V.O., His Majesty's Minister, returned to Tehran from leave on the 6th August.

(ii) Squadron-Leader F. Workman, M.C., chief British representative at the Shahbaz Aircraft Factory at Doshantappeh aerodrome, has been dismissed. On the 9th August Squadron-Leader Workman was summoned to the Ministry of War, where he was informed that his services were no longer required. He was given three months' salary in lieu of notice and free passages for his wife and himself.

Mr. F. Knight is now senior Hawker representative.

4. *Afghan Interests.*

The military attaché, Kabul, reports an increase in anti-British propaganda, culminating in the publication of a scurrilous newspaper article in the official *Islah* of Kabul.

Apparently the Afghan Government hope to direct the attention of the rebellious tribes in the Southern Province and Katawaz towards the British, and to rid themselves of the accusation that their policy is pro-British.

The article in question, said to have been drafted by the Foreign Minister himself, has been read with interest by the general public, and has also been the main topic of conversation among members of the Diplomatic Corps. It is said that the Iranian Embassy were very interested in the article and obtained a great deal of satisfaction from its publication, as did also the German Legation. The Russians, however, fear that any decrease of British influence in Afghanistan will result in a corresponding increase of German influence in that country.

From a German source in Tehran it is stated that Italian propaganda is the cause of most of the anti-British and anti-Government feeling there. This German source goes on to say that the Italians desire to turn out the present ruling family of Afghanistan and set up one of ex-King Amanullah's family instead, with a view to causing trouble on the North-West Frontier in the event of war, &c.

[19297]

D* 3

5. The Iranian Army.

(i) It is reported from reliable sources that the 50 (Brandt) 81-millim. mortars and a quantity of mortar ammunition have been delivered in Tehran. An order for thirty more (Brandt) mortars has been placed.

A course of instruction in their use is being organised.

(ii) Extracts from amendments to the Law of Promotion in the Iranian Army are attached as an appendix⁽¹⁾ to this summary.

6. The Iranian Air Force.

(i) Parachutes used by the Iranian air force are of Italian manufacture (Salvatora). They are attached to the fuselage and open up themselves when the pilot jumps. If this fails to function the airman can himself pull the usual cord in front of his waist. Each pilot has his own parachute. A special staff trained in Italy open up, overhaul and repack all parachutes every ten days. No parachute jumping is practised.

(ii) Indoor instruction in aerial bombing is given to all pilots on an electrically-controlled and revolving miniature relief landscape. It is said to be of British manufacture. Aerial photography is also taught indoors.

(iii) It is reported from a reliable source that the aerial cameras used by the Iranian air force are of British manufacture (Eagle III?). The Williams camera gun is used for instruction in aerial gunnery.

7. Refugees.

Reference Intelligence Summary No. 16 (current), paragraph 8. During the period under review approximately 9,000 more deported Iranian subjects arrived at Astara and Bandar Pahlavi. This now makes the total number of deportees just over 18,000.

(ii) A National Relief Fund has been opened, and all firms and private individuals are being pressed to subscribe. His Imperial Majesty the Shah has himself donated 50,000 rials (£625) and His Imperial Highness the Crown Prince 10,000 rials (£125).

Nothing is published in the press about these deportations, except the bare news of fresh arrivals.

8. Irano-Turkish Frontier.

Reference Intelligence Summary No. 15 (current), paragraph 8. The mixed commission has now adjourned and the Iranian members thereof have returned to Tehran from Trebizond.

9. The Anglo-Iranian Oil Company.

(i) Oil in good and promising quantities has been discovered at Lali, north-east of Shushtar and 5 miles from the Karun River (degree sheet 9 H, M.N. 555993).

(ii) It is reliably reported that the Bank-i-Mellie (National Bank) have arranged for the grant of a revolving credit of about £500,000 from the oil company. The security offered consists of shares mostly industrial—Skodas, &c. The purpose of the loan is unknown.

10. Industry.

A factory for the manufacture of glycerine is being constructed close to the cement works at Shahr Rey (Shah Abdul Azim) (million sheet No. 9, square D 1). Most of the machinery (German) has been installed and the remainder is expected shortly. The capacity of the factory is at present unknown.

11. The Press.

Recently the Ministry of Finance vigorously denied the report of a Beirut newspaper, the *Jour*, which stated that the German Government had obtained a concession to exploit the iron mines of Iran in exchange for 30 million reichsmarks.

H. J. UNDERWOOD, Lieutenant-Colonel,

Tehran, August 13, 1938.

Military Attaché.

⁽¹⁾ Not printed.

[E 5403/3924/34]

No. 12.

Mr. Seymour to Viscount Halifax.—(Received September 16.)

(No. 290 E.)

My Lord,

Tehran, August 20, 1938.

WITH reference to Mr. Butler's despatch No. 226 E. of the 14th June, 1938, on the subject of the mines which are now being operated at Anarek, I have the honour to report that the German press attaché has informed the commercial secretary that the three-year concession granted to the German group "Ferrostahl" in 1937, for the exploitation of the nickel and copper mines, was suddenly cancelled by the Iranian Government a few days ago. No reason or excuse was apparently given.

2. M. Aderholt further informed Mr. Cumberbatch that, although they were taken by surprise, the Germans were not really worried, as they were more especially interested in nickel and had found this ore in insufficient quantity. Transport was difficult and costly and, generally speaking, the concession was not a paying one.

3. I am sending copies of this despatch to the Secretary to the Government of India in the External Affairs Department, and to the Department of Overseas Trade.

I have, &c.

H. J. SEYMOUR.

[E 5405/659/34]

No. 13.

Mr. Seymour to Viscount Halifax.—(Received September 16.)

(No. 296.)

My Lord,

Tehran, August 30, 1938.

AS I had the honour to report in my telegram No. 99 of the 24th August, the official opening of the Transiranian Railway was fixed for the 27th August. On that day I addressed a note of congratulations to the Iranian Government, and I enclose a copy herein, together with a copy of the reply which I have now received.⁽¹⁾ Satisfactory publicity was given to my message in the press. Similar messages were sent by a number of other Governments, those from France, Germany and Denmark taking the form of telegrams to the Shah from the heads of those States.

2. On the 16th August, His Imperial Majesty, accompanied by the Crown Prince and a large suite, proceeded by train to Araaq (Sultanabad) and thence to Safid Chashmeh, where the ceremony of fastening the last bolt took place, and the junction of the north and south sectors of the railway line linking up the Caspian Sea to the Persian Gulf was officially established. In the presence of the Shah, the first train from Bandar Shapur steamed past on its way to the capital.

3. The Royal train was timed to reach Tehran station at 5 o'clock in the afternoon of the 27th August. Invitations to witness the arrival of the first train and to receive the Shah had been sent to the Diplomatic Corps, Government officials, the leading foreign residents, and to 1,000 or more Iranians from Tehran and the provinces. I was present at the station with the members of my staff.

4. Though the Royal train was not scheduled to arrive until 5 p.m., it actually drew in at the station, which was elaborately decorated, at 4.40 p.m. The Shah alighted looking very pleased and no doubt conscious that if this great work had been completed it was due entirely to his determination and proud of the fact that he had not had recourse to a foreign loan or foreign capital for this costly enterprise.

5. Shortly after the arrival of the Royal train and the customary addresses, the first passenger train from the south steamed past, followed by a goods train. His Imperial Majesty then left the station, shaking hands with the heads of the foreign missions as he passed.

⁽¹⁾ Not printed.

[19297]

D* 4

6. The same evening a reception was given by the Minister of Communications in the station buildings, which was attended by nearly 3,000 people.

7. The 26th August marks a great day in the reign of the present Shah and the completion of a great work which was started eleven years ago and which has cost close on £30 million sterling. It was in 1927 that work on the railway was first started, when an American-Polish group was entrusted with the drawing up of plans, and shortly after started on the construction of the line from Bandar Shapur on the Persian Gulf. The work, however, presented great difficulties, large sums of money were being expended, and the results were unsatisfactory; the Government decided, therefore, to cancel the concession and to continue the work themselves. The results of this change-over proved to be no more satisfactory. It was not until 1931 that the Government, having fully realised that they had neither fully qualified railroad constructing engineers nor the necessary experience, decided to entrust the work to a foreign group. The contract for the completion of the whole of the north-south line was entrusted to the Consortium Kampsax, representing the well-known Danish construction engineers, Kampmann, Kierulff and Saxild, and Saabye and Lerche, and the Swedish firm of locomotive builders, Nydovist and Holm.

8. Kampsax divided the work into "lots," and subcontracted the work on these lots to different firms. Among the firms selected for this work were two United Kingdom firms, Messrs. Richard Costain (Limited) and Messrs. Nuttall, Mowlem, Sons and Co., who undertook the tunnelling on Lots 6 and 7, claimed to be the most difficult piece of work on the whole line. Their work, which was carried out under quite abnormal conditions, deserves the highest praise.

9. The total length of the line from Bandar Shapur on the Persian Gulf to Bandar Shah on the Caspian Sea is 1,394·160 kilom. (or just over 870 miles), with over 4,700 bridges and 224 tunnels.

10. In order to form an idea of the magnitude of this undertaking, it will suffice to say that from 40,000 to 50,000 men were employed by Kampsax when the work was at its height. Of these 95 per cent. were recruited locally, the remainder being made up of Greeks, Italians, Swiss, &c. About 10,000 tons of cement and over 100,000 kilog. of explosives were consumed monthly. One hundred and thirteen thousand tons of iron rails have been laid down and over 2,100,000 sleepers.

11. Much attention has been devoted to the types of locomotives likely to be most suitable in a country where they are expected to ascend to 2,173 metres. Up to the present sixty-seven locomotives have been imported, eight from Messrs. Beyer-Peacock and Co., of Manchester, twelve from the Swedish firm, Nahab, and the remainder from Ferrostahl in Germany. One thousand one hundred and sixty-seven passenger coaches and goods trucks are at present in the country, and 1,130 are on order in Germany, but have so far not been delivered.

12. From north to south there are ninety stations with up-to-date buildings, and, linking up the Caspian to the Gulf, the railway passes through the following more important towns: Shahi, Tehran, Qum, Araq, Andimeshk and Ahwaz.

13. After eleven years the Shah's most ambitious project has been realised, but, in replying to the Prime Minister's address at Safid Chashmeh, he let it be understood that this was only the first part of the programme completed, and that he expected further sacrifices from the country in order to complete in time a whole network of railways which would open out the whole country. Actually engineers are engaged on a survey of the Tehran-Tabriz road, and work on this section is expected to start early in 1939. Also, according to the Persian press, the survey of the Qum-Anarek extension has been made from Qum to a point 60 kilom. south of Kashan, at which town the site for the station has also been selected.

14. I am sending copies of this despatch to the Secretary to the Government of India in the External Affairs Department, and to the Department of Overseas Trade.

I have, &c.

H. J. SEYMOUR.

[E 5408/167/34]

No. 14.

Mr. Seymour to Viscount Halifax.—(Received September 16.)

(No. 299. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 18 for the period ended the 27th August, compiled by the military attaché to this legation.

Tehran, August 31, 1938.

(Secret.)

Enclosure in No. 14.

Intelligence Summary No. 18 for the Period ended August 27, 1938.

1. *The Shah.*

HIS Imperial Majesty the Shah, accompanied by the Crown Prince, Cabinet Ministers, high officials, leading merchants and bankers, proceeded by special trains to Safid Cheshmé, 68 kilom. south of Iraq (Sultanabad), for the official inauguration of the Trans-Iranian Railway which took place on the afternoon of Friday, the 26th August.

His Majesty the Shah and the Crown Prince themselves tightened the last bolts and nuts; His Majesty then cut a tri-colour ribbon and declared the Trans-Iranian open. Afterwards the "specials" left for the capital, which they reached not without difficulty. The royal train remained at Iraq (Sultanabad) during the night and arrived at Tehran at 17·00 hours on the following afternoon, where His Majesty was received at the station by the Government, the Diplomatic Corps and thousands of the populace.

His Majesty, on descending from his carriage, inspected a guard of honour with band of the 1st (Pahlavi) Regiment, dressed in full field-service order with steel helmets. During the reading of a congratulatory address the first through passenger train from Bandar Shapur arrived, closely followed by the first goods train, which was made up of oil tankers and freight wagons.

The Shah, although looking somewhat tired, greeted various members of the Diplomatic Corps warmly and continuously acknowledged the cheering of the crowds. He then left immediately for the royal palace.

The completion of the Trans-Iranian Railway is entirely due to the relentless determination of the Shah.

A magnificent engineering achievement, it now remains to be seen whether its economic value to the country will justify the enormous expenditure incurred.

It is possible that the southern section (Bandar Shapur-Ahwaz-Tehran) will eventually pay its way, but it is doubtful whether the northern section (Tehran-Bandar Shah) will ever do so. The construction of a number of branch lines is contemplated. They are as follows:—

- (i) Tehran-Tabriz-Turkish frontier.
- (i) Tehran-Semnan-Meshed.
- (iii) Qum-Anarak.
- (iv) Sultanabad-Isfahan.

2. *Iranian Officials.*

(i) His Excellency Musa Nouri Esfandiari (Muvaffaq-es-Saltaneh) (Foreign Office Personalities, No. 75), Director-General at the Ministry for Foreign Affairs, has been appointed Iranian Minister to Iraq to fill an existing vacancy.

(ii) His Excellency Abdul Qasim Ferougar (Military Attaché's Personalities, No. 62 (i)—Foreign Office Personalities, No. 83) has been appointed Minister of the Interior.

(iii) His Excellency Ali Mansur, C.B.E. (Mansur-ul-Mulk) (Military Attaché's Personalities, No. 120—Foreign Office Personalities, No. 119), has been appointed Minister of Industries and Mines.

[19297]

E*

(iv) His Excellency Abdullah Bahrami (Military Attaché's Personalities, No. 41 (i)—Foreign Office Personalities, No. 46) has been appointed Iranian Minister at Brussels *vice* Taghi Nabavi (Muazziz-ud-Dowleh) (Military Attaché's Personalities, No. 139—Foreign Office Personalities, No. 133), recalled.

(v) A complete list of members of the Iranian Cabinet and other chief officials, up to date, is attached as Appendix I⁽¹⁾ to this summary.

3. Trans-Iranian Railway.

The Trans-Iranian Railway was officially completed by His Imperial Majesty the Shah and the Crown Prince at 17.00 hours on Friday, the 26th August, at Sefid Cheshmé, near Iraq (Sultanabad).

The line which runs from Bandar Shah in the north to Bandar Shahpur in the south was begun on the 15th October, 1927, and was completed on the 19th August, 1938. A total of about ten years and eleven months.

The total length of the line is 1,394.160 kilom. The cost of its construction is approximately 2,400 million rials (nearly £30 million).

In 1927 the work of construction was entrusted to an American-Polish combine, who drew up the first plans and began the construction of the line between Bandar Shahpur and Ahwaz. Their work was found unsatisfactory and the Iranian Government continued the work themselves for two years, with the assistance of foreign railway experts. This, too, was found unsatisfactory. Thereafter, the construction contract was awarded to the well-known Danish railway construction engineers, Messrs. Kampmann, Kierulff and Saxild and Messrs. Saabye and Larche, and a Swedish firm, Messrs. Nydovist and Holm, locomotive construction engineers, under the title of Consortium Kampsax.

Consortium Kampsax, on receiving the contract, immediately divided the line into lots and sub-contracted the work out to different firms, both foreign and Iranian.

Two British firms, Messrs. Richard Costains (Limited) and Messrs. Nuttall, Mowlem, Sons and Co. completed lots 6 and 7 respectively in Luristan, south of Iraq (Sultanabad), where enormously difficult tunnelling, &c., was involved. These were perhaps the toughest sections of the whole line.

Under Consortium Kampsax the work of construction has been carried out methodically and thoroughly. The line has actually been completed six months ahead of the contract date.

The section Bandar Shah (Caspian seaport) to Tehran presented serious engineering problems, the line having to be brought up from the Caspian Sea (below sea level) to the Iranian Plateau, crossing the Elburz range of mountains at a height of 2,109.10 metres. Ninety-three tunnels had to be excavated and numerous viaducts and bridges constructed. The longest tunnel on this section is 2,883 metres in length. A large force of Italian and Swiss expert labour was employed for the tunnelling.

The construction of the Dizful-Iraq (Sultanabad) section through the mountains of Luristan was also extremely difficult: 131 tunnels had to be constructed, the majority having to be blasted out of solid rock. The longest tunnel is near Chahar Darreh, and is 2,526 metres in length in the shape of a horse-shoe.

More than 10,000 tons of explosives have been used and between 40,000 and 50,000 Iranians have been continuously employed as labourers.

Experiments with seven different types of foreign-made locomotives are being made. Locomotives supplied by Messrs. Beyer-Peacock and Co. (Limited) of Manchester and Nahab of Sweden are being used in the mountainous sections. The latest locomotives are, however, being supplied by Messrs. Ferrostahl of Germany.

The total number of locomotives in the country and on order is said to be in the region of 132. There are 1,167 other rolling-stock units consisting of passenger coaches, postal vans, restaurant cars, oil tankers and goods wagons of all types. A further 1,130 units have been ordered, mostly from Germany.

Experiments are now being carried out with Diesel electric motor coaches between Tehran and Qum.

The total number of bridges on the Trans-Iranian Railway is 4,872.

115,000 tons of rail track have been laid and over 2 million sleepers (steel and wood) have been used.

(1) Not printed.

Strategically, the line is important, as it will now be possible for the central garrison to reinforce Luristan and Khuzistan (oil-fields) within twenty-four hours and Mazanderan (northern section) within twelve hours.

A brief description of the country through which the Trans-Iranian Railway passes will be given in the next summary.

4. Communications.

Roads.—(i) Reference Intelligence Summary No. 9 (current), paragraph 6. The new Bandar Pahlavi-Astara road (million sheet No. 9, square A 2) is not yet ready for traffic.

(ii) Reference Intelligence Summary No. 11 (current), paragraph 5. More than 6,000 labourers are employed in widening the Tehran-Kerej-Chalus road—called "the Special Road."

(iii) The road between Resht and Bandar Pahlavi is being completely realigned and widened.

Tunnels.—The Kandawan tunnel is already closed as several falls have occurred therein owing to water pressure.

Bridges.—Reference Intelligence Summary No. 14 (current), paragraph 13 (i). Two modern bridges of reinforced concrete have been constructed between Ghazian (degree sheet No. 8 G, square B 3) and Mian Pushtah Island and between Mian Pushtah Island and Bandar Pahlavi itself. A section of these bridges can be hoisted by means of electrically-controlled machinery to allow of the passage of sailing vessels and steamers.

Harbours.—It is reported from a consular source that Messrs. Sentab (Scandinavians) have been given the contract for the construction of a deep-water wharf in the Shatt el Arab near Khurramshahr. It is stated that this wharf will be about 2 miles up-river from the junction of the Karun with the Shatt el Arab, where there is deep water inshore. The wharf is to be of concrete and will take about two years to construct. It is to be 150 metres long. Warehouses, roads and a light railway are to be constructed from the wharf to Khurramshahr.

5. U.S.S.R. Interests.

The Soviet Government despatched four small warships into Iranian territorial waters off Bandar Pahlavi at 06.00 hours on the 21st August. They were clearly visible from the shore steaming in a westerly direction. Their sudden appearance caused consternation. The Iranian Government have despatched a formal protest to the Soviet Government.

It is stated that this demonstration was made because a German firm of contractors had secured a contract for harbour improvements, &c., at Bandar Pahlavi. The Government of the U.S.S.R. state that this is contrary to article 2 of an exchange of notes on Bandar Pahlavi and the Caspian shores dated 1927. The Iranian Government deny this, and have offered to accept arbitration on the point at issue. The Soviet Government have declined.

It is considered that the Soviet Government are not likely to be tractable over any questions involving German industrial interests in Iran.

The four Russian warships are reported to belong to the Black Sea Flotilla and had been sent specially to the Caspian, via the Sea of Azov and the Volga canals.

The matter is under discussion between the two Governments concerned.

6. German Interests.

(i) Reference Intelligence Summary No. 12 (current), paragraph 17. It is reliably reported that the Iranian Government have cancelled the German concession for the working of the Anarak mining area (million sheet No. 16, square B 2). No reason is given for this action. A member of the German Legation claims that the German Government is not disturbed about this, as Germany was only interested in nickel. Actually, very little of this metal has been mined at Anarak to date; besides, the transport of the ore is very costly and on the whole the proposition is not a paying one.

(ii) Colonel Hans Rohde, German military and air attaché at Angora, arrived in Tehran on the 6th August. He is also accredited to Athens. He expects to remain a month in the capital.

[19297]

7. The Iranian Army.

(i) A consular report states that a new regiment, strength about 650, is being formed at Khwash (Mekran). This may be a new camelry regiment.

(ii) His Imperial Majesty the Shah has given instructions to the Minister of War that no foreign military attachés are to attend the manoeuvres of the central garrison which are to be held during September.

(iii) Tenders were called for in the press recently for the repair of 140 sliding-door garages for A.F.V.'s and motor transport belonging to the 2nd Division. These garages are at Eshratatabad barracks about 2 miles north-west of Tehran.

(iv) An unconfirmed but fairly reliable report states that the Ministry of War are negotiating with Germany for the purchase of further artillery. The order is said to be for fifty 4-gun batteries of mountain guns and fifty 4-gun batteries of anti-aircraft guns of the "pom-pom" type.

(v) The artillery ammunition reserve supplies for Bofors and Skoda guns in the country are reported to be approximately 1,000 rounds per gun.

8. The Iranian Air Force.

(i) A course in aerial navigation is being held at Mehrabad military aerodrome. This is a subject of which the large majority of Iranian pilots are totally ignorant.

(ii) Orders have been placed in Germany for the supply of an unknown number of motor vehicles fitted with searchlight equipment for flood-lighting aerodromes at night. Instruction in night flying for pilots of the Iranian air force is said to be commencing shortly.

9. Boy Scouts.

(i) His Imperial Highness the Crown Prince, Chief Scout of Iran, visited the scout camp at Manzrieh near Tehran on Tuesday, the 23rd August. A display of gymnastic exercises and scout-craft was given.

(ii) The boy scouts and girl guides of Tehran are, on the whole, well and correctly turned out in khaki and green uniforms respectively.

10. Civil Aviation.

(i) According to press reports the Iraqi Government have purchased three of the latest type of passenger aircraft, each carrying six passengers. These aircraft will be used on a regular weekly air service between Bagdad-Kermanshah-Tehran and *vice versa* by the Iraq Air Union Company. It is stated that this service will commence in the autumn.

(ii) The Iranian Government propose to enlarge the present landing ground at Hamadan (million sheet No. 9, square A 2). Its present dimensions are 40,000 square metres, which are to be enlarged to 100,000 square metres. Special runways are to be constructed so that the landing ground can be used all the year round.

11. Railways—Qishlaq (Garmsar)—Semnan Branch.

(i) The work on this branch line is progressing satisfactorily: the first lot has been completed and 9,000 workmen are engaged on the remaining lots. This branch line is expected to be open by March 1939.

(ii) An order has been secured by a German firm to supply spare parts and brakes for the rolling-stock of the Trans-Iranian Railway. The value of the order is said to be in the region of £40,000. The firm insists that payment shall be made in foreign currency and not under the barter agreement already existing between Germany and Iran.

(iii) Sixty-five locomotives and 1,100 rolling-stock have been delivered at Bandar Shahpur. All of German manufacture.

(iv) A complete list of stations on the northern and southern sections of the Trans-Iranian Railway, giving kilometrage, distance between stations and altitude, is attached as Appendix II⁽¹⁾ to this summary.

H. J. UNDERWOOD, *Lieutenant-Colonel,
Military Attaché.*

Gulhek, August 27, 1938.

⁽¹⁾ Not printed

[E 5823/281/34]

No. 15.

Mr. Seymour to Viscount Halifax.—(Received October 6.)

(No. 308.)

My Lord,

Tehran, September 8, 1938.

THE Iranian Prime Minister, in the course of a conversation which I had with his Excellency yesterday, referred to the visit of the Minister for Foreign Affairs to Geneva (which was only decided upon at the last moment), and said that one of the objects of M. A'lam's visit would be to get into direct touch with M. Litvinov, relations between the Soviet and Iranian Governments having recently, as I have already reported, been somewhat difficult.

2. His Excellency said that the Soviet Government appeared to have persuaded themselves that the Iranian Government—who desired nothing but good for everyone—had been lending themselves to "machinations" against Soviet interests. Thus the Russians regarded the German civil air service, via Iran, which at present terminates at Kabul, as part of a German-Japanese plan to reduce Soviet influence in Asia. The Russians also seemed to be persuading themselves that the improvements to the port of Pahlavi, which are being carried out by German engineers, may affect the position in the Caspian, and they had made the demonstration reported in my telegram No. 97 of the 23rd August. There were also, M. Jam said, a number of boundary questions outstanding, and no progress was being made towards their settlement.

3. It is, of course, obvious that the attitude of the Soviet Government in these matters arises from their hostility to the German commercial penetration of Iran. They are likely to go on teasing the Iranians as long as Iran's commercial dependence on Germany continues to increase. As the Russian market is essential to Iran, the Soviet Government are in a strong position, and, while I do not wish to belittle M. A'lam's powers of persuasion, it may be doubted whether he will find a very responsive listener in M. Litvinov.

4. I am sending a copy of this despatch to His Majesty's Chargé d'Affaires at Bagdad.

I have, &c.

H. J. SEYMOUR.

[E 5826/167/34]

No. 16.

Mr. Seymour to Viscount Halifax.—(Received October 6.)

(No. 311. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 19 for the period ending the 10th September, compiled by the military attaché to this legation.

Tehran, September 14, 1938.

(Secret.)

Enclosure in No. 16.

Intelligence Summary No. 19 for the Period ending September 10, 1938.

1. The Shah.

HIS Imperial Majesty the Shah is again in residence at the Saadabad Palace. A few days ago His Majesty personally decorated a number of Iranian officials and employees of Consortium Kampsax as a mark of Royal appreciation on the completion of the Trans-Iranian Railway. Amongst those who received decorations were Mr. J. Saxild, general manager of Consortium Kampsax (2nd Class Imperial Order), and his Excellency Majid Ahi, Minister of Roads and Communications (1st Class Imperial Order).

Congratulatory messages on the completion of the Trans-Iranian Railway continue to arrive from foreign States.

[19297]

E* 3

2. Iranian Officials.

His Excellency Muzaffar Alam, Minister for Foreign Affairs (Military Attaché's Personalities, No. 10; Foreign Office Personalities, No. 2), left Tehran for Geneva by Deutsche Lufthansa to attend a meeting of the League of Nations. Following the League Assembly, the second annual meeting of the signatories of the Saadabad Pact will take place. This meeting was originally arranged to take place at Kabul, but was changed to Geneva in consequence of the League Assembly. It is expected also that the Iranian Foreign Minister will arrange a meeting with M. Litvinov, the Soviet Minister for Foreign Affairs, in order to discuss the present strained relations between the two countries.

3. French Interests.

(i) It is reported that the French Government have inaugurated a new broadcasting station at Beirut (288 m. 50). This station broadcasts in French and Arabic from 12.30 hours to 13.30 hours and from 18.00 hours to 20.00 hours daily. Listeners in Tehran report good reception. The possibility of short broadcasts in Persian has been mentioned.

(ii) No French professors are now employed under the Ministry of Education.

4. Iraqi Interests.

No mention has been made in the Iranian press of the establishment of a Government Serai at Qala Diza (million sheet No. 1, square B 4) in the Pizhder Kurd area.

Recently, certain troop movements were carried out in the Sauj Bulagh-Rezaieh area (million sheet No. 1, squares B 3 and 4). It is believed, but not confirmed, that this was due to the reorganisation of the III and V Divisional areas in accordance with the new Civil Administrative Areas (see Appendix A to Intelligence Summary No. 15 (current)).

According to a Royal Air Force report, the 24th Regiment at Sardasht (million sheet No. 1, square B 4) and the 14th Cavalry Regiment at Saqqiz (million sheet No. 1, square C 4), both of the 5th (Senneh) Division, are to be brought under the command of the 3rd (Western Azerbaijan) Division at Rezaieh. The 27th Regiment at Tabriz, 4th (Eastern Azerbaijan) Division, is to be transferred to Senneh (million sheet No. 2, square D 4).

5. Turkish Interests.

(i) Captain d'Etat-Major Jelal Orge, the Turkish military attaché, left Tehran for Turkey on completion of his tenure of appointment on the 6th September. Captain d'Etat-Major Jemal Sandjak has succeeded him.

(ii) Nothing has been published in the Iranian press about the projected military expedition into the Dersim Kurd country.

6. German Interests.

(i) An application for employment in a British wireless station stated to be at Ras Musandam (million sheet No. 25, square A 2) has been received in the legation from two young Austrians (Jews). It appears that the applicants read an article in the Viennese press describing this station as an important link in British communications, but emphasising it as being one of the hottest places in the world. The article went on to say that the station had been temporarily closed down owing to the terrible climatic conditions prevailing and that no one would serve there. The Austrians were most anxious to try!

(ii) Reference Intelligence Summary No. 18 (current), paragraph 11 (ii). A consular report states that twelve German railway fitters have arrived at Ahwaz to assemble the new rolling-stock recently arrived from Germany.

(iii) Reference Intelligence Summary No. 18 (current), paragraph 4 (harbours). Messrs. Sentab have engaged several Germans for the construction of the new wharf.

(iv) The German military and air attaché (Colonel Hans Rohde) paid a visit by air to Kabul. It is believed that this visit was made in connexion with orders for artillery. Colonel Rohde is not accredited to Afghanistan.

7. Anglo-Iranian Oil Company.

The German firm B.A.M.A.G. are erecting an Iso Octane plant at Abadan. Within the past few months about twenty-five Germans and Italians, previously employed on the Trans-Iranian Railway, have been taken on by the Anglo-Iranian Oil Company.

8. Iranian Baluchistan.

Reference Intelligence Summary No. 12 (current), paragraph 11. It is reported from a reliable source that great efforts are being made to disarm the tribesmen in Mekran and Seistan. This is confirmed by a report from the Intelligence Bureau, Quetta, which states that all leading Sirdars of the Dizzak area (degree sheet 31 I, square B 3) were recently summoned to Khwash by the military authorities, and were instructed to use their influence to compel Baluchis to surrender their arms. Each Sirdar was ordered to produce at least 100 rifles. This they promised to do, and on this condition they were allowed to return to their homes.

9. Irano-Baluchistan Frontier.

(i) Reference Intelligence Summary No. 12 (current), paragraph 20, and Intelligence Summary No. 14 (current), paragraph 11. Baluchistan Intelligence Bureau reports that after the release of the Iranian Amnieh (Road Guards), they were sent to Chahbar and then to Khwash, where each was sentenced to four months' imprisonment.

(ii) In July several Iranian officials arrived at Kastag (degree sheet 31 G, square D 1) to meet the assistant political agent, Mekran, to discuss boundary affairs and to obtain information regarding the reputation of Naib Durrani. They saw the Risaldar in command of Mand Post (Mekran Levy Corps) as, unfortunately, the assistant political agent was indisposed.

10. The Trans-Iranian Railway.

(i) His Imperial Majesty the Shah has given orders that the station Selid Cheshmeh, near which the completion ceremony of the Trans-Iranian Railway took place, will be renamed Fowzieh Station in honour of Her Royal Highness Princess Fowzieh of Egypt, fiancée of His Imperial Highness the Crown Prince.

(ii) As a result of the successful completion of the railway, the Ministry of Roads and Communications are suffering from "swelled heads." They are insisting that they themselves construct the easiest sections of the new Tehran-Kazvin-Tabriz-Turkish frontier line, and that Consortium Kampsax should do the mountainous sections. Kampsax are not prepared to agree to this at present. No work beyond survey has yet been carried out on this section.

(iii) Reference Intelligence Summary No. 18 (current), paragraph 3. A brief description of the country through which the Trans-Iranian Railway runs is attached as an appendix to this summary.

11. The Iranian Army.

(i) The 22nd Cavalry Regiment at Zabul (million sheet No. 30, square B 1) are to have their lines reconstructed. Four roofed stables (capacity 148 horses each), water troughs, grain stores and a veterinary dispensary and office are to be built.

(ii) A high barbed-wire fence is being erected round the whole of Doshantappeh Aerodrome and the Shahbaz aircraft factory. The factory is being considerably enlarged to house further machinery which, it is understood, has been ordered from England.

(iii) The 1st and 2nd Infantry Regiments of the Tehran Garrison are known officially as the Pahlevi Guard Regiment and the Ahanin Guard Regiment respectively.

(iv) It is reported that the paucity of volunteer students for the officers' school (Daneshkeda-i-Afsari) in Tehran and the military cadet colleges (Dabiristan-i-Nizam) in the provinces is acute and causing concern. Advertisements appear daily in the press setting forth the conditions and qualifications necessary for these establishments. Educational authorities, too, are pressing parents to allow their sons to join. The Iranian air force officers' technical training college and the n.e.os. school of the Amnieh (Road Guards) are also very much under strength.

(v) Summer training camps have now broken up and the troops have, in most cases, returned to barracks. The troops of the Central Garrison are preparing for manoeuvres.

(vi) Recently, the Intendance Service Headquarters asked for tenders for the supply of a large number of barrack-room tables and benches.

12. Refugees.

Iranian deportees continue to arrive from the U.S.S.R. During the period under review, a further 1,188 arrived at Bandar Pahlevi, Julfa and Bajgiran (million sheet No. 22, square C 3). The total now stands at approximately 20,000. A number of deported Iranian subjects have been drafted to Hamadan, where there is a shortage of labour for public work construction.

13. The Press.

(i) Two Arabic newspapers published in Iraq mentioned that negotiations were taking place between Iran and England for a loan of £5 million. The official press firmly denied this by stating that Iran had no need of loans.

(ii) The *News Review* of the 28th July published an article entitled the "Shah's Railway." This caused intense anger in the official press. The *Times* of the 27th August, by its reference in a leader on the Trans-Iranian Railway to the Shah as an "ex-Cossack," did not enhance its reputation for tact.

14. British Interests.

Major J. B. Cunningham, Royal Indian Army Service Corps, a language student who arrived in Isfahan in June, was ordered by the police, acting presumably on instructions from Tehran, to leave Iran within forty-eight hours. No reason was given. Urgent representations were made to the Acting Minister for Foreign Affairs and the Prime Minister, and it was decided that Major Cunningham should be permitted to come to Tehran, where the case would be discussed.

H. J. UNDERWOOD, *Lieutenant-Colonel,
British Military Attaché.*

Gulhek, September 10, 1938.

Appendix to Enclosure.

The Trans-Iranian Railway.

REFERENCE Intelligence Summary No. 18 (current), paragraph 3. The following is a brief description of the country through which the Trans-Iranian Railway passes:—

The line commences at Bandar Shah, a small port at the south-east corner of the Caspian Sea on the edge of the Gorgan steppes, whence it runs along the green and fertile plain of Mazanderan through the small towns of Behshahr (Ashraf), Sari and Shahi, where there are cotton mills. It then turns south and enters the winding valley of the Talur River until it reaches Pul-i-Sefid Station. Here the ascent of the Elburz Mountains begins. After traversing innumerable tunnels and zig-zagging up the steep mountain sides, the line crosses the Firouzkuh Pass at a height of 2,100 metres; it then descends the Hableh Rud Valley into the Veramin Plain, when it takes a westerly course as far as Tehran.

From Tehran the line goes south to Qum and then passes through the undulating country between Qum and Iraq (Sultanabad). Between Iraq and Do Roud (Bahrein) it passes through a hilly region, at Nourabad Station reaching a height of 2,173 metres above sea level. The line then follows the Ab-i-Diz Rivers through the gorges of the Luristan Range for over 100 kilom., passing through tunnels and across bridges and viaducts, even more formidable than those on the Elburz section. After Andimeshk (Salehabad) the line emerges on to the vast Khuzistan Plain, passing through Dizful and Ahwaz, where it crosses the Karun River and continues over flat country until it reaches the Persian Gulf at Bandar Shahpur, its southern terminus.

The total length of the Trans-Iranian Railway is 1,394·160 kilom., of which 150 kilom. in the north and 159 kilom. in the south was almost insurmountable mountain ranges, over which the line was constructed in the face of tremendous engineering difficulties.

From the physical, geographical and climatic point of view, the Trans-Iranian Railway can be divided into eight sections, which are as follows:—

1. The section between Bandar Shah and Shahi, a distance of 127 kilom., comprises the well-watered Mazanderan Plain. This region has a mild and moist heat and is very favourable for agriculture. Its principal products are rice and tobacco. New factories for silk, cotton spinning, &c., have recently been started, so a brilliant industrial future is anticipated. The small seaside port of Babul Sar (Meshed-i-Sar) is also being developed into a holiday resort.

2. The section between Shahi and Gadouk, a distance of 114 kilom., comprises the district on the northern slopes of the Elburz Range. Here the climate is mild and very moist owing to the heavy rainfall. The mountain sides are covered with thick forests and undergrowth, the principal agricultural products being rice and barley; seams of coal also exist. Large flocks of sheep, goats and cattle are grazed on the higher slopes of the mountains in the summer, and are driven down to the Gorgan steppes in the winter.

3. The section between Gadouk and Garmsar (Qishlaq), a distance of 104 kilom., comprises the southern slopes of the Elburz Range. Owing to the heat and scarcity of water, there is very little vegetation. A little barley and wheat is produced in the valley of the Habli Rud; thereafter the region is uncultivated.

4. The section Garmsar (Qishlaq)-Tehran-Iraq (Sultanabad), a distance of 439 kilom., comprises the Central Iranian plateau with a very dry and continental climate. Cultivation is only carried out where there is water.

5. The section Iraq (Sultanabad)-Do Roud (Bahrein), a distance of 147 kilom., is situated in a hilly region; the highest point which the line passes is at Nourabad Station (2,173 metres); the climate in this section is milder but very dry. Heavy snow-falls occur in winter. Cereals are cultivated in the valleys whenever there is sufficient water for irrigation.

6. Between Do Roud (Bahrein) and Shahbazan, a distance of 138 kilom., the line passes through a very rugged district of the main Luristan Range. This section of the line was the most difficult and costly of all to construct, as numerous tunnels, viaducts and bridges had to be built over and along the gorges of the Ab-i-Diz River and one of its tributaries. The climate is very hot and dry in summer and intensely cold in winter. There is little cultivation. The tribesmen graze their flocks on the higher slopes in the summer.

7. The section between Shahbazan and Andimeshk (Salehabad), a distance of 74 kilom., is moderately fertile. The climate is hot and dry.

8. Andimeshk (Salehabad) and Bandar Shahpur, a distance of 250 kilom. After crossing the Bala Rud and Ab-i-Diz Rivers, the line traverses the main Khuzistan Plain. At Ahwaz it crosses the Karun River by a steel bridge and finally reaches the mud flats on which the port of Bandar Shahpur is built.

[E 5977/167/34]

No. 17.

Mr. Seymour to Viscount Halifax.—(Received October 14.)

(No. 320. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 20 for the period ending the 24th September, compiled by the military attaché to this legation.

Tehran, September 24, 1938.

(Secret.)

*Intelligence Summary No. 20 for the Period ending September 24, 1938.*1. *The Shah.*

HIS Imperial Majesty the Shah and His Imperial Highness the Crown Prince have now taken up residence for the winter at the Imperial Palace.

His Majesty held the usual levee at the Gulistan Palace on the 1st Mehr (the 24th September), the anniversary of the Prophet Mahomet.

2. *The Crown Prince.*

His Imperial Highness the Crown Prince is now completing his final term at the Ecole militaire supérieure. He is reported to have done well.

3. *Iranian Officials.*

Reference Intelligence Summary No. 17 (current), paragraph 2 (ii). M. Suleiman Kalhar, formerly a director of the Tobacco Monopoly, has been appointed Governor-General (Ustander) of No. III Ustan Azerbaijan *vice* his Excellency Baqir Kazemi (Muhazzib-ud-Dowleh) (Military Attaché's Personalities, No. 104; Foreign Office Personalities, No. 107), appointed Iranian Ambassador in Afghanistan.

4. *Travellers.*

Lieutenant-Colonel Sir Oliver W. H. Leese, Bt., D.S.O., the Coldstream Guards, and Lady Leese arrived by Deutsche Lufthansa on the 11th September, and left for Kabul by the same air line *en route* to Quetta on the 17th September.

5. *The Iranian Army.*

(i) Troops of the 1st and 2nd Divisions (Tehran Garrison) carried out manoeuvres from the 11th to 14th September in the area Varamin-Qishlaq (million sheet No. 9, square D 1) about 30 miles south-east of Tehran. His Imperial Majesty the Shah was present on the final two days. With the exception of the new Turkish military attaché, no foreign military attachés, nor officers of the French Military Mission, were invited to attend. Most of the G.O.C.'s of provincial divisions were present. No mention of the manoeuvres appeared in the press.

According to a reliable report, only 10,000 troops took part this year. A new feature was the use made of a small mechanised column by one of the forces. This consisted of infantry, tanks and some artillery. It is said to have been used with great success. It may be mentioned that the country of the manoeuvre area is mostly flat and in some parts marshy, presenting no great difficulties for a mechanised column. Two squadrons of aircraft took part in the manoeuvres.

(ii) It is reported from a reliable source that the Divisional Signals has been reorganised. Each division has two signal companies which form part of the Engineer Battalion. They are organised as follows:—

No. 1 Signal (Construction) Company, consisting of Four Sections.

No. 1 Section (Construction).—Equipped with field telephone cable on hand drums.

No. 2 Section (Construction).—Equipped with field telephone cable on hand drums.

No. 3 Section (Construction).—Equipped with cable-laying horsed vehicles.

No. 4 Section (Communications).—Equipped with sixty sets of field telephones.

No. 2 Company (Communications), consisting of Four Sections.

No. 1 Section (Visual).—Equipped with flags, helios and lamps (electric).

No. 2 Section (Visual).—Equipped with flags, helios and lamps (electric).

No. 3 Section (Wireless).—Equipped with sixteen wireless telegraph sets, both sending and receiving.

No. 4 Section (Wireless).—Equipped with sixteen wireless telegraph sets, both sending and receiving.

(iii) The courses at the officers' school in Tehran have been reorganised. There are now two courses, one of three years' duration and the other of six years. Students are volunteers, and must be between the ages of 17–22. Students of the three years' course are accommodated, fed and clothed free and receive 60 rials (15s.) per month pocket money. Students of the six-year course receive 120 rials (£1 10s.). On the successful completion of these courses they are commissioned third and second lieutenants respectively.

(iv) Messrs. Bofors of Sweden have brought out two of their latest pattern anti-aircraft guns, 40 mm. It is reported that their experts will demonstrate these guns to the Army Purchasing Committee within a few days.

6. *Security.*

From three different consular reports it is stated that plain-clothes detectives of the Criminal Investigation Department are now stationed at the post boxes of certain towns (Tabriz, Isfahan and Zahidan) to examine the addresses on all letters posted. The receipt of anonymous letters addressed to His Imperial Majesty the Shah is said to be reason for this procedure.

7. *Tribal.*

Qashgai and Kuhgali.—A consular report states that during August, as a result of spasmodic acts of banditry, it was decided to despatch two small punitive columns (strength about two regiments of cavalry and a battalion of infantry each) from Shiraz and Ahwaz respectively into the difficult mountainous country in the Shulistan area (million sheet No. 10, square D 2). This area has been difficult to control for some years.

The Shiraz column left Shiraz by night and advanced along the Shiraz–Ardakan (million sheet No. 10, square D 2)–Tal-i-Khosrovi (Diz-i-Khurd) road. The southern column advanced by Behbahan (million sheet No. 10, square C 2) by a new military road, passing through Diz Mardan (million sheet No. 10, square C 2) to Tal-i-Khosrovi. The tribesmen were completely surprised and the majority of the bandits were captured.

This small expedition, although unimportant, proves the efficiency of the new military road systems which have been gradually built up within the past three years in tribal territory. The roads are only fit for light motor traffic in good weather, and are reserved entirely for troops.

Both last year and this year the plan carried out was to trap the tribesmen between a northern and southern force, and for the second time it was completely successful. The operations were also carried out with great secrecy and efficiency.

It has been decided to establish a small garrison permanently at Tal-i-Khosrovi, and barracks are already being constructed there. For this, too, workmen were secretly drafted in from Isfahan, and not from Shiraz.

8. *British Interests.*

Reference Intelligence Summary No. 19 (current), paragraph 14. Major J. B. Cunningham, Royal Indian Army Service Corps, language student, has now been permitted to remain in Tehran and is continuing his studies. No official reason has been given for his expulsion from Isfahan, but it is thought that it was because he unwittingly frequented Julfa (the Armenian quarter of Isfahan) and was actually training a racehorse belonging to an Armenian for the local races. The only race track is quite close to the local barracks, and the only other competitors are officers of the garrison.

9. *German Interests.*

Reference Intelligence Summary No. 19 (current), paragraph 6 (iv). Colonel Hans Rohde, the German military and air attaché, has returned from Kabul, where he secured certain orders for artillery for the Afghan army. He has now left Tehran for Berlin.

10. *Floods.*

On the 12th September a cloudburst and floods caused the complete destruction of the town of Nahavend (million sheet No. 9, square A 2). It is reported in

the press that over 200 persons were drowned. Severe rains and consequent flooding is also reported from Azerbaijan, Dizful and other parts of Iran. Snow has fallen on the higher mountains.

11. Refugees.

A press report states that a further 600 Iranian deportees have arrived from the U.S.S.R.

H. J. UNDERWOOD, *Lieutenant-Colonel,
Military Attaché.*

Tehran, September 24, 1938.

[E 6061/127/34]

No. 18.

Mr. Houston-Boswall to Viscount Halifax.—(Received October 18.)

(No. 480.)

My Lord,

Bagdad, September 30, 1938.

WITH reference to my despatch No. 392 of the 18th August, I have the honour to transmit to your Lordship herewith a copy of an extract⁽¹⁾ from the *Iraqi Government Gazette* No. 29 of the 17th July, announcing that the ratifications of the Frontier Treaty and Protocol concluded at Tehran on the 4th July, 1937, between Iraq and Iran were exchanged at Bagdad on the 20th June, 1938.

2. I am sending a copy of this despatch and its enclosure to His Majesty's Minister at Tehran.

I have, &c.

W. E. HOUSTON-BOSWALL

⁽¹⁾ Not printed.

[E 6194/167/34]

No. 19.

Mr. H. Seymour to Viscount Halifax.—(Received October 24.)

(No. 328. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and, with reference to Tehran despatch No. 320 of the 24th September, 1938, has the honour to transmit herewith a copy of Intelligence Summary No. 21 for the period ending the 8th October, compiled by the military attaché to this legation.

Tehran, October 8, 1938.

(Secret.)

Enclosure in No. 19.

Intelligence Summary No. 21 for the Period ending October 8, 1938.

1. The Shah.

ON the 26th September His Imperial Majesty the Shah visited the officers' school at Tehran for the "passing out" ceremony of the senior term cadets. His Majesty was received by the supervising General Officer, Sar Lashgar (General) Yazdan Panah (Military Attaché's Personalities, No. 222), General Officer Commanding, 1st Division.

Before presenting the cadets with their commissions, His Imperial Majesty gave a short address in which was the following passage:—

"Because of its peculiar geographical position Iran must have a big and powerful army with which to safeguard the many vital interests of our country; unfortunately in the past this was sadly neglected, but thanks to our present educational system brave and courageous young Iran, now fully

awakened, recognises the benefits of a powerful and disciplined army. Our army, too, is the guardian of our internal security, without which the reforms and progress achieved would have been impossible. It is, therefore, a happy augury for the future that large numbers of young men every year, like yourselves, willingly and patriotically adopt the honourable profession of a soldier, and after a course of scientific and practical study in this college fit themselves to become efficient leaders in our army."

On the 25th September His Imperial Majesty carried out an inspection of the new School of Domestic Science for girls. Started in a small way in 1314 (1934), this establishment has now accommodation for 200 boarders. The course in domestic science lasts three years, and includes instruction in household management, cookery, bakery, dressmaking, hospital nursing, hygiene and child welfare. Several other schools of the same sort are to be constructed in other large towns.

It was remarked that His Imperial Majesty was unaccompanied by any of the Royal ladies, who have not appeared in public for some time.

2. The Crown Prince.

His Imperial Highness the Crown Prince has successfully qualified at the officers' school. He was one of the officer cadets to be presented with their commissions (2nd and 3rd lieutenants) at the "passing out" ceremony by His Imperial Majesty the Shah. At the request of the army and his fellow cadets, the Crown Prince was awarded a special medal of merit for his diligence and hard work in the officers' school. Long eulogistic articles have been published about his hard work and devotion to duty, &c., in the press.

Among the cadets to pass out was Ali Muhammad, the son of his Excellency Ibrahim Qawam (Qawam-ul-Mulk) (Foreign Office Personalities, No. 160, Military Attaché's Personalities, No. 171), who married Princess Ashraf Pahlavi, the Crown Prince's sister, in March 1937.

3. Iranian Officials.

(i) M. Abbas Faroughi has been appointed Director of the Protocol Department at the Ministry for Foreign Affairs.

(ii) Sartip (Brigadier) Mehdi Quli Tajbakhsh (Military Attaché's Personalities, No. 214) has been appointed Acting Minister of Agriculture.

4. British Interests.

(i) Mrs. Seymour, wife of His Majesty's Minister, arrived in Tehran on the 2nd October from England.

(ii) Major H. W. Farrell, Indian Medical Service, legation surgeon, Kabul, accompanied by wife, arrived in Tehran on the 4th October. He is in transit from Kabul to Europe.

(iii) For the first time after several years the British Military Attaché was invited to see a unit of the Iranian army. The unit selected was the 1st (Pahlavi) Cavalry Regiment at Jamshediéh Barracks, Tehran.

(iv) Lieutenant P. G. B. McNulty, 2nd Royal Lancers (Gardner's Horse), Indian army language student, passed through Tehran *en route* to Kerman.

5. Iranian Army.

(i) Seven hundred and forty-one cadets were "passed out" of the officers' school and were granted commissions in the different branches of the Iranian army.

(ii) The munition factory at Saltanatabad, situated about 7 miles north of Tehran (degree sheet 9 M, square B 1), has been completed. All the machinery (which includes a modern electric foundry) for the manufacture of various types of grenades and shells has been supplied by Messrs. Krupp of Germany.

The factory, which is under expert German supervision, is expected to start work within a few days.

6. The Iranian Air Force.

During a firework display in Tehran on the 24th September (anniversary of the Prophet Mahomet) an aeroplane of the Iranian air force, brilliantly illuminated with the country's national colours, flew over the city.

It is believed to be the first time that the Iranian air force have attempted night flying.

7. Education.

Considerable and praiseworthy progress is being made in public instruction for girls and illiterates. Night classes have now begun for the winter session, and the press has been urging all who can to attend. They point out that people, such as waiters, bath attendants and shop assistants, must attend these classes, as, if they do not do so, the municipalities intend to withhold their trade licences.

An appeal is also being thrown on the screen in all the principal cinemas in the capital.

8. Communications.

Branch Lines.—(i) *Qishlag (Garmsar)–Semnan–Meshed.*—The survey of this line has been carried out as far as Shahrud (million sheet No. 15, square D 4).

(ii) *Tehran–Tabriz–Turkish Frontier.*—The Ministry of Roads and Communications is still engaged in discussions with Consortium Kampsax. It is, however, expected that the construction of Lot 1, Tehran–Kerej, will begin this month.

(iii) *Qum–Anarak (million sheet No. 16, square B 2)–Yezd.*—A press report states that this is to be begun immediately.

(iv) It is reliably reported that the Government Railway Department have purchased six more Diesel motor rail passenger cars for use in the south.

9. German Interests.

(i) It is reliably reported, but unconfirmed, that 100,000 tons of grain is being exported to Germany.

(ii) During the European crisis two Lufthansa aeroplanes have been standing by at Doshantappeh aerodrome to carry military reservists, &c., to Germany.

10. Russian Interests.

It is reported, but at present unconfirmed, that the Iranian Government have granted permission for a Russian service of passenger planes to land at Tehran. This service will, it is said, start from Stockholm, flying via Moscow, Kharkov, Baku and Tehran.

11. The Crisis.

It is reported from a reliable source that two squadrons of No. 1 Aviation Regiment were ordered to be prepared to proceed to the oil-fields area in the event of hostilities breaking out.

H. J. UNDERWOOD, *Lieutenant-Colonel,
Military Attaché.*

Tehran, October 8, 1938.

[E 6317/162/91]

No. 20.

Admiralty to Commander-in-Chief, His Majesty's Ships and Vessels, East Indies.—(Communicated to Foreign Office with reference to Foreign Office Letter of September 28, 1938; Received October 28.)

(Confidential.)

Admiralty, S.W. 1, October 26, 1938.

WITH reference to your predecessor's submission of the 19th May, 1937, I am to communicate to you the following instructions concerning the action to be taken by His Majesty's ships in the Persian Gulf to protect vessels of the Arab sheikhdoms under British protection if Iranian warships or customs vessels should attempt to interfere with them:—

1. Protection against interference by Iranian ships is to be afforded by His Majesty's ships in the territorial waters of the Arab States under British protection and on the high seas up to the limit of Iranian territorial waters recognised by His Majesty's Government. Notwithstanding, therefore, the claim advanced by the Iranian Government to a territorial belt 6 miles in width, protection is to be given up to the 3-mile limit off the Iranian coast.

2. If the commanding officer of one of His Majesty's ships observes an Iranian warship or customs vessel interfering with a protected Arab vessel in the waters described in 1 above, he is to communicate with the Iranian ship and warn her that she is committing an illegal act.

3. If the Iranian ship does not thereupon release the Arab vessel, His Majesty's ship is to take the latter in tow, and adopt such measures as may be necessary to ensure that no further interference occurs.

4. If the Iranian ship opposes such action with force, the commanding officer of His Majesty's ship is authorised to use such force as may be necessary to effect the release of the Arab vessel.

5. If the Iranian ship attempts to justify her action by alleging that the Arab vessel is engaged in the arms traffic, the commanding officer of His Majesty's ship should reply that, if the allegation proves correct, he will see that the offenders are properly dealt with in accordance with the laws to which they are subject; and he is subsequently to take the necessary measures in collaboration with the political resident and his staff to ensure that this promise is fulfilled.

6. If an incident occurs within the 6-mile limit but outside the 3-mile limit off the Iranian coast, and the Iranian ship justifies its action on the ground that these waters are Iranian territorial waters, the commanding officer of His Majesty's ship is to reply that His Majesty's Government does not recognise such waters as territorial, and that he cannot permit interference with Arab shipping outside the 3-mile limit.

7. The utmost tact and discretion are to be employed in dealing with any dispute which may arise, and every endeavour is to be made to obtain the release of the Arab vessel without the use of force, which should be employed only in the very last resort. Commanding officers must, however, decide on their own judgment whether a situation has arisen requiring forcible measures.

(Copy to Senior Naval Officer, Persian Gulf.)

By command of their Lordships:

S. H. PHILLIPS.

[E 6533/1393/34]

No. 21.

Mr. Seymour to Viscount Halifax.—(Received November 7.)

(No. 332.)

Tehran, October 14, 1938.

My Lord,

I HAVE the honour to report that Mr. Wallace Murray, head of the Near Eastern Department of the State Department, has just left Tehran after a visit of some ten days. During this time he was, after a certain amount of argument, received by the Shah, and has had discussions with members of the Iranian Government and others.

2. As your Lordship is aware, Iran has had no diplomatic representative in Washington since the withdrawal of the Iranian Minister, after a rather ridiculous "incident," followed by irreverent remarks in the American press, more than two and a half years ago. Mr. Murray tells me that this state of affairs has led to no practical difficulties, as Iranian interests are efficiently looked after by the Turkish Embassy. The State Department would, however, like to see the Iranian Legation reopened, as the present situation is hardly consistent with the desire of the United States Government for good relations with foreign countries. Mr. Murray has the impression that the Iranian Government, or rather the Shah, are at present minded to resume normal relations. He added, however, that he has dealt with Persian affairs too long to be willing to prophesy what the Iranian Government will or will not do at any given moment.

3. Mr. Murray was also interested in the possibility of concluding a commercial treaty between the United States and Iran, a project which the State Department have had in mind for some years. He has, however, reached the conclusion that such a treaty is not at present feasible; the Iranian Government do not think it possible at present to reach an agreement except upon a basis of barter, a basis which would not be acceptable to the United States.

4. Before leaving Tehran Mr. Murray gave an interview to the press, in which he expressed his admiration of the changes which had taken place in Iran since he had known the country fourteen years ago. He also paid tribute to the great work of His Imperial Majesty the Shah, and referred to the excellent

relations existing between the United States and Iran, and to the prospects of useful collaboration between the two countries. Copies of this interview, as published in the *Journal de Téhéran*, (1) are enclosed.

5. I should perhaps add that Mr. Murray's visit was not exclusively to Iran, but was made in the course of a tour of the countries with which he deals. He arrived from Turkey and left for Bagdad and Syria.

6. A copy of this despatch and its enclosure is being sent to His Majesty's Ambassador at Washington.

I have, &c.
H. J. SEYMOUR.

(1) Not printed.

[E 6522/6522/34]

No. 22.

Mr. Seymour to Viscount Halifax.—(Received November 7.)

(No. 333.)

My Lord,

Tehran, October 17, 1938.

THE Iranian Minister for Foreign Affairs has just returned from Geneva, where he had been during the worst period of the Czechoslovak crisis, and I called upon him to-day in order to hear his views on what had passed during his stay in Europe.

2. M. A'lam described the despair which he had felt at the apparent inevitability of a general war, "the smoke of which would have covered even the most distant countries," and the relief and gratitude with which he had learnt that the war had been avoided. He felt that this had been due to the wise and courageous action of the Prime Minister. He added that he was not disposed to agree with those who now said that war had not been avoided, but only postponed, and that German demands would prove ever more insatiable until war resulted. He hoped, on the other hand, that it would prove possible, under the wise leadership of His Majesty's Government, to find an equitable solution for reasonable German claims, with the result that a general appeasement might follow.

3. Since my despatch No. 330 of the 8th October was written I have had opportunities of talking with a number of members of the Iranian Government, including the Prime Minister, the President of the Majliss, and the Minister of Industries. All of these opened the conversation by expressing their admiration of the work of His Majesty's Government and of the Prime Minister in particular. The Minister of Industries in particular referred to the disastrous blow to Iranian industrial development which a European war would entail. He said that Iranian industry was at present in no position to stand such a shock, as it was still dependent on supplies from outside. In another three years, he thought, development would have proceeded far enough to enable Iran to keep at any rate the vital industries going, even in the event of a European war. This estimate I should regard as unduly optimistic.

I have, &c.
H. J. SEYMOUR.

[E 6524/167/34]

No. 23.

Mr. Seymour to Viscount Halifax.—(Received November 7.)

(No. 337. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and, with reference to Tehran despatch No. 328 of the 8th October, 1938, has the honour to transmit herewith a copy of Intelligence Summary No. 22 for the period ended the 22nd October, 1938.

Tehran, October 22, 1938.

(Secret.)

Enclosure in No. 23.

Intelligence Summary No. 22 for the Period ending October 22, 1938.

1. *The Shah.*

HIS Imperial Majesty the Shah and the Royal family continue to be in residence at the Imperial Palace.

On Friday, the 14th October, His Majesty attended the second day of the autumn races held under the auspices of the Jockey Club of Iran at Jalalieh race-course.

It may be remarked that except for two short visits to his estates in Mazanderan and Gilan His Majesty has remained in the capital throughout the year. This is unusual, as he has hitherto carried out prolonged tours of inspection in the provinces during the spring and autumn.

2. *Iranian Officials.*

(i) Reference Intelligence Summary No. 19 (current), paragraph 2. His Excellency Muzaffar A'lam, Minister for Foreign Affairs (Military Attaché's Personalities, No. 10—Foreign Office Personalities, No. 2), arrived in Tehran from Geneva on the 14th October.

(ii) M. Suleiman Kalhar has been appointed Farmandar (Governor) of Tabriz and Acting Ustandar (Governor-General) of No. III Ustan and not as stated in paragraph 3 of Intelligence Summary No. 20 (current).

3. *British Interests.*

Lieutenant-Colonel H. J. Underwood, British Military Attaché, was on tour in Azerbaijan from the 12th to 17th October.

4. *French Interests.*

Général de Division G. Gendre (retired list), until recently head of the French Military Mission, and Adviser in Defence to the Iranian Ministry of War, has left Tehran on completion of contract. He held the rank of sipahbud (marshal) in the Iranian army. Général Gendre was very popular with both foreigners and Iranians.

Mme. Gendre died suddenly in Tehran a few days before their departure. The body has been embalmed and conveyed to France for interment.

5. *U.S.S.R. Interests.*

His Excellency Alexei Tchernikh, the U.S.S.R. Ambassador to Iran since the 21st May, 1935, has proceeded on leave to Moscow.

6. *United States Interests.*

Mr. Wallace Murray, head of the Near East Bureau of the State Department at Washington, recently visited Iran during a tour of the Near East countries. He was Chargé d'Affaires in Tehran from 1922-25 and held office at the time Mr. Imrie, American Vice-Consul, was murdered by a fanatical mob. Mr. Murray was mainly instrumental in obtaining an apology and a large sum for compensation from the Iranian Government.

During his stay in Tehran Mr. Murray was granted an audience by His Majesty the Shah and took the opportunity to deliver a personal message of greetings from President Roosevelt to the Shah.

Before leaving Iran Mr. Murray gave an interview to Iranian press representatives and through them congratulated Iran on the recent progress achieved. He also paid a tribute to the great work of the Shah and referred to the cordial relations now existing between the United States and Iran.

It may be recalled, however, that Iran has had no diplomatic representative at Washington since the withdrawal of the Iranian Minister in November 1935, who was arrested on a charge of exceeding the speed limit. It is considered now possible that the Shah will in the near future reappoint a representative in the United States.

7. Iranian Air Force.

(i) Construction work on the aerodrome at Tabriz is in progress. Two large hangars have been completed and two others await roofing material. Barracks and office buildings have been erected behind the hangars to accommodate the air force personnel.

(ii) It is reported that the airport at Bushire is being considerably enlarged. Two square kilometres of land is now being levelled.

(iii) The first consignment of Hawker "Hind" machines (eighteen) for the Iranian air force were despatched by sea from England on the 23rd September. The remaining seventeen will be despatched by the next available steamer towards the end of this month. They are to be assembled in Ahwaz and flown to Tehran.

8. The Iranian Army.

(i) New barracks are being constructed for the 4th Eastern (Azerbaijan) Division on the southern outskirts of the town. They should be completed within the next two months.

(ii) A consular report states that one anti-aircraft battery of four guns is now located at Tabriz and one at Rezaieh.

(iii) Two battalions of the 3rd (Bahadur) Infantry Regiment of the Central Garrison are now on frontier duty between Maku and Julfa. Apparently these units were despatched from Tehran to the frontier some months ago.

9. European crisis.

The European crisis has been followed with intense interest in Tehran almost as much by the Iranians as by the large foreign community. Apart from Russians, Germans and Czechs comprise by far the largest proportion of the foreign community. The Czechs, among whom are a number of Sudeten Germans, are mostly employed by Skodas, who hold contracts for the erection of electrical power houses, sugar refineries and armament factories, &c.

10. The Anglo-Iranian Oil Company.

A consular report states that during the recent world crisis four Hansa Line steamers, under orders from Germany, took refuge at Bandar Shahpur, a neutral port, and there to await further instructions. A fifth steamer was also voyaging in the Persian Gulf at the time.

11. Education.

At the invitation of the University of London, the Tehran educational authorities have selected the following graduates to undergo a course of post-graduate study at the university: Mohammed Ali Daneshwar, Mehdi Farough.

12. Buildings.

(i) The Majlis has voted a credit of 7 million rials (£87,500) for the construction of a new Ministry for Foreign Affairs building.

(ii) The engineers of Consortium Kampsax have completed the grain silo at Tabriz. This silo has a capacity of 16,000 tons.

Work is progressing on the silo which is being erected at Meshed which is of the same capacity.

13. Refugees.

Iranian deportees continue to arrive from the U.S.S.R. During the period under review over 400 arrived at Bandar Pahlavi, Julfa and Bajgiran (million sheet No. 22, square C 3). This brings the total number of refugees deported from Russia to approximately 22,000.

14. Routes: Northern (Iran-Afghanistan-Herat-Kabul).

The route, Herat (million sheet No. 29, square C 2)-Kala Nao-Bala Murghab (million sheet No. 29, square D 1)-Maimana (million sheet No. 33, square A 1)-Andkhui (million sheet No. 32, square B 4)-Mazar-i-Sharif (million sheet No. 32, square D 4), is reliably reported as difficult and almost impassable for light cars. Travellers are advised to use the Herat-Farah-Kandahar-Kabul road.

15. Change in Place Names.

A list of places in Iran, the names of which have been recently changed, is given as Appendix A to this summary.

16. Civil Aviation.

The winter schedule (the 1st October, 1938, to the 31st March, 1939) of the Deutsche Lufthansa passenger air service is given as Appendix B to this summary.

17. Royal Indian Navy.

His Majesty's Indian ships *Clive*, *Indus*, *Hindustan* and *Lawrence* cruised in the Persian Gulf during August. The following ports were visited: Muscat, Khor Fakhan, Khor Jirana, Khor Kuwait and Bahrein.

18. Railways.

The Ministry of Industry and Mines has recently called for tenders for the construction of—

(a) A rope railway between the coal mines of Shimshak (degree sheet 8 P, square C 4) and Fashand (degree sheet 9 M, square C 1).

(b) A Decauville railway between Fashand and Shahr Rey (Shah Abdul Azim) (degree sheet 9 M, square B 2) and Tehran.

19. Irano-Baluchistan Frontier.

Reference Intelligence Summaries No. 14 (current), paragraph 11, and No. 19 (current), paragraph 9 (ii). Quetta Intelligence Bureau report that Naib Durani died a natural death on the 7th September. This individual was notorious for his harsh treatment of Baluchis on both sides of the frontier.

H. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Appendix A to Enclosure.

List of Recently Changed Place-Names.

Old name.	New Name.	Map Reference.			
		Million Sheet.	Square.	Degree Sheet.	Square.
Abbasabad	Varsak	8	D.4		
Aji Chai	Talkheh Rud			1.J	A.4
Arablār	Pal Dāsh			1.E	A.3
Ashraf	Behshahr	15	B.4		
Bahraïn	Do Rud			9.G	A.2
Dehkhargan	Azar Shahr			1.G	D.2
Deh Kūrd	Shahr Kūrd	9	C.4		
Gach Qaraguli	Gach Sarān			10.J	D.4
Howāzāh	Havizēh	10	A.1		
Ibrahimābād	Mushkābād	9	C.2		
Jaghātū Chai	Zarīneh Rūd	1	C.4		
Kara Aīneh	Siāh Chashmeh			1.A	B.4
Khaz'alābād	Khosroabād			10.B	C.1
Khaz'alfeh	Khurramkūshk			10.B	A.3
Muhsinābād	Simendāsh	9	C.2		
Kara Chaman	Siāh Chaman	1	D.3		
Qishlāq	Gārmsār	16	A.1		
Kizzil Uzun	Safid Rūd	1	D.4		
Sāin Kalch	Shahin Dazh	1	C.4		
Sakht Sar	Rāmsar			8.L	C.1
Salchābād	Andimāshk	9	A.4		
Sanj Bulāgh Makri	Mehābād	1	B.4		
Shāh Abdul Azim	Shahr Rey	9	D.1		
Sultānābād	Iraq	9	B.2		
			4.B		
			4.C		
			3.B		
			3.C		
Tatavi	Simin Rūd	1			

Appendix B to Enclosure.

The following is the winter schedule (1st October, 1938, to 31st March, 1939) of the Deutsche Lufthansa passenger air service:—

BERLIN—TEHRAN.

Once weekly in each direction.

Friday	2-00 hours	depart	BERLIN	arrive	Friday	17-00 hours
"	4-30 "	arrive	Vienna	depart	"	"
"	5-15 "	depart	Vienna	arrive	"	"
"	"	arrive	Budapest	depart	"	13-30 "
"	"	depart	Budapest	arrive	"	12-30 "
"	"	arrive	Belgrade ⁽¹⁾	depart	"	11-15 "
"	"	depart	Belgrade ⁽¹⁾	arrive	"	10-45 "
"	12-30 "	arrive	Athens	depart	"	8-00 "
"	13-00 "	depart	Athens	arrive	Thursday	16-15 "
"	15-15 "	arrive	Rhodes	depart	"	14-00 "
"	16-00 "	depart	Rhodes	arrive	"	13-00 "
"	"	arrive	Damascus	depart	"	9-10 "
"	"	depart	Damascus	arrive	"	8-10 "
"	00-30 "	arrive	Bagdad	depart	"	5-30 "
Saturday	9-00 "	depart	Bagdad	arrive	Wednesday	19-00 "
"	12-50 "	arrive	TEHRAN	depart	"	15-50 "

BERLIN—TEHRAN—KABUL.

Once fortnightly.

Sunday	5-20 hours	depart	TEHRAN	arrive	Wednesday	14-50 hours.
"	(¹)11-40 "	arrive	Herat ⁽¹⁾	depart	"	10-40 "
"	(¹)12-40 "	depart	Herat ⁽¹⁾	arrive	"	9-40 "
"	15-40 "	arrive	KABUL	depart	"	6-40 "

NOTES.

(¹) Aircraft lands if necessary.

First aeroplane left Kabul for Berlin on the 5th October, 1938.

First aeroplane left Berlin for Kabul on the 14th October, 1938.

[T 14283/69/379]

No. 24.

Mr. Seymour to Viscount Halifax.—(Received November 11.)

(No. 343.)

My Lord.

Tehran, October 31, 1938.

I HAVE the honour to report that on the 26th October, the 20th birthday of the Crown Prince, the Shah took the unprecedented step of entertaining the local ambassadors, ministers and their wives at a dinner at which the Queen and Princesses were present.

2. The dinner took place in the new palace built for His Imperial Majesty, and the proceedings were, by his desire, of a very simple character. The Shah and the Royal family were already in the room to receive their guests, the Prime Minister and the Minister for Foreign Affairs being in attendance to make the necessary presentations. Evening clothes without decorations were worn. The Shah had his two daughters as neighbours, the Queen being similarly supported by her son and son-in-law. The toast of the Valiahd was proposed by the Prime Minister in a short speech, which would have been more effective had the band been instructed to remain silent during its delivery.

3. After dinner there was a reception attended by members of the Iranian Government, leading generals of the Iranian army, chargés d'affaires and the families of heads of missions. The numbers were restricted to some seventy persons.

4. The Shah took great pains to make a success of this "western" party, personally seeing to the requirements of his guests for cigarettes and so forth, and taking an evident pleasure in answering questions about the rare stones and marbles which have been used in the decoration of the palace. About an hour after dinner supper was served; and the Shah, after seeing his guests gathered in the supper-room, withdrew. The Crown Prince remained and took leave of the guests as they departed.

5. This reception, which may perhaps be regarded as an experiment, was certainly successful. It is not yet three years since Iranian women were unveiled, and, though many of them are still painfully shy in general company, they have on the whole—at least in Tehran—adapted themselves remarkably well to the new social requirements.

6. The question has been raised by the Shah's entertainment whether the restrictions on social intercourse between Iranians and foreigners are to be modified. I do not think this is likely. His Imperial Majesty told me that it was his wish that his daughters should in future see more of the young people of the Diplomatic Corps, and it is possible that social relations between the palace and the legations, at present non-existent, may be encouraged to some extent. But I doubt whether any change in the general system is intended. I happened to meet at the races, two days after the Royal party, a Persian friend who for the last year had not been allowed to "frequent foreigners," except in the Jockey Club stand, where the rules are slightly relaxed, though under the eye of the chief of police. This friend told me that he felt it would still be better for him to accept no invitations. This feeling is widespread, and is based on very solid grounds.

I have, &c.

H. J. SEYMOUR.

[E 6665/167/44]

No. 25.

Mr. Seymour to Viscount Halifax.—(Received November 11.)

(No. 352. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and, with reference to Tehran despatch No. 337 of the 21st October, 1938, has the honour to transmit herewith a copy of Intelligence Summary No. 23 for the period ending the 5th November, 1938, compiled by the military attaché to this Legation.

Tehran, October 21, 1938.

Enclosure in No. 25.

(Secret.)

Intelligence Summary No. 23 for the Period ending November 5, 1938.

1. The Shah.

(i) ON Wednesday, the 26th October, the anniversary of the Crown Prince's birthday, His Imperial Majesty the Shah took the unprecedented step of entertaining to dinner at the Imperial Palace the Ambassadors and Ministers of the foreign missions now in Tehran, together with their wives. After the banquet the Chargé d'Affaires, leading Cabinet Ministers and generals, and the families of heads of missions were invited to join the party for the evening.

The Royal circle, which included Her Majesty the Queen, the Crown Prince, Princess Shahdukht Shams-ul-Mulk Pahlevi, her husband Feridun Jam, Princess Ashraf-ul-Mulk Pahlevi and her husband Ali Qawam, received their guests in the Grand Salon. The Prime Minister and the Minister for Foreign Affairs were in attendance and presented the guests.

His Majesty is reported on all sides to have been "the life and soul of the party," personally offering his guests cigarettes and so forth, and taking a delight in showing them the various *objets d'art* in the rooms.

At dinner the seating arrangements were unusual. The Shah seated himself at a long table with the Princesses on his right and left. The Queen was supported by the Crown Prince and her eldest son-in-law. The guests were seated in order of precedence of arrival in Iran.

The Queen, whom very few of the guests had ever seen before, remained tongue-tied and very shy throughout the evening. The Crown Prince and the Princesses were also somewhat embarrassed. Considering, however, the language difficulty, and that this is the first time that such a function has ever taken place, it is generally agreed that the reception was most successful, and that the Shah proved himself an admirable host and enjoyed himself thoroughly.

During the evening the Shah expressed the wish that the Princesses might see more of the younger set of the Diplomatic Corps. In spite of this it is not, however, expected that social relations between the palace and foreign missions, at present non-existent, will be encouraged until after the arrival of Her Royal Highness the Princess Fowzieh of Egypt (the future Crown Princess).

The severe restrictions on social intercourse between Iranians and foreigners are, however, not likely to be modified.

(ii) His Imperial Majesty the Shah, accompanied by the Crown Prince, left Tehran by train on the 31st October to attend the annual Turcoman Race Meeting at Dasht-e Gorgan, close to Bandar Shah. The whole of the Cabinet and most of the Majlis Deputies are already in Bandar Shah.

En route the Royal train stopped at Shahi to allow His Majesty to inspect the local boy scouts and girl guides. The Shah also paid a rapid visit to the coal mines at Zirab before going on to Bandar Shah.

2. The Crown Prince.

On the 26th October His Royal Highness the Crown Prince celebrated his 20th birthday. In the afternoon His Royal Highness, accompanied by two brothers, all dressed in scout uniform, attended the "Youth Festival" at the Amjadieh Stadium. After a march past of boy scouts, girl guides and cadets of the military schools in Tehran, various races took place both for boys and girls. Boy scouts then gave a very creditable exhibition of fire fighting and first-aid drill. The finale was a demonstration of mass physical training by over 2,000 youths, which was very well done.

3. Japanese Interests.

Lieutenant-Colonel H. Fukuti, Japanese Military Attaché since August 1935, left Tehran for China on the 27th October. He has been succeeded by Lieutenant-Colonel T. Takasina.

4. U.S.S.R. Interests.

Intending travellers via the U.S.S.R. have been unable to obtain Russian visas since the 26th October. "Intourist," the Russian tourist agents, state that visas will be procurable after the 10th November. The Soviet Embassy denies that the frontier is closed, but gives no explanation for this unusual restriction.

5. Iraqi Interests.

H. E. Khalid Suleiman has been reappointed Minister for Iraq and has returned to the capital.

6. Civil Aviation.

The weekly Iranian air mail service from Tehran-Kermanshah-Bagdad has reverted to winter schedule. The machine now leaves every Monday and returns the following day.

7. German Interests.

According to a foreign press report Iran's accumulated debt to Germany is now nearly 200 million rials (£25 million).

Germany has been insisting on repayment in foreign currency or in raw materials at very low rates, and is also trying to coerce Iran into purchasing a large quantity of arms and ammunition with which they hope to send military experts. The Iranian Government appear to be fully aware of the danger and is

taking steps to curtail the import of German goods. They have also cancelled the concession granted to "Ferrostahl" in the Anarek mining area (*vide* Intelligence Summary No. 18 (current), paragraph 6).

8. The Iranian Air Force.

(i) It is reliably reported that the Iranian Government themselves intend to construct airframes for twenty aircraft of the Hawker "Hind" type during 1939-40 at the aircraft factory of Shahbaz at Doshantappeh. The necessary drawings and plans are awaited from England, and the factory is being enlarged.

(ii) It is understood that instructions have been issued by the Ministry of War to cut down as far as possible the British staff of expert mechanics and riggers at the aircraft factory. The number now present is thirteen. It is considered that if this is done the whole construction programme will fall very much behind hand as there are insufficient experienced and capable Iranian mechanics to take their places.

9. Anti-Jewish Legislation.

It is reported, but unconfirmed, that restrictive anti-Jewish legislation is being prepared. The reason is, however, not known. The Anglo-Iranian Oil Company have been asked to cut down the employment of Jews and Armenians in the pay of the company.

A consular report from Khuzistan states that there is a general regulation throughout Iran whereby no more than 10 per cent. Jews and 10 per cent. Armenians may be employed in any one concern. The Anglo-Iranian Oil Company are stated to have more than its quota of each, and that the contracts of Jews and Armenians in excess of the quota will in future not be renewed in order that there may be the desired 80 per cent. of true Iranian employees. This is likely to cause considerable embarrassment to the company as Iranians do not like service in South Iran.

10. Communications.

Reference Intelligence Summary No. 15 (current), paragraph 5. It is confirmed that the Iranian Government have awarded Consortium Kampsax the contract for the construction of 2,500 kilom. of branch lines in Iran. The price agreed on is said to be 5 gold dollars per metre.

11. Internal Security.

Fifty-three Iranian subjects are now being tried before the Central Criminal Court at Tehran for alleged sedition and the spreading of Communist propaganda in Iran. Among the accused are several well-known professional men.

12. The Press.

The press have recently contained much propaganda in favour of a Bill now before the Majlis requiring that a certificate of freedom from contagious disease must be produced by both parties before any State official can perform a marriage. "Iran needed a larger population, but the increased population had to be healthy. The Government had already taken steps in this direction, such as the encouragement of boy scouts and girl guides and the development of physical training. The new Bill would ensure that the next generation would be more healthy; further, the law would have a beneficial effect on the behaviour of the young, since the knowledge that they would have to pass a medical examination before being permitted to marry would deter them from incontinence and lascivious desires."

It is considered that the press is far too optimistic in its ideas about the effect of this Bill on the youth of Iran. Doctors are, however, reported to be much in favour of the Bill.

H. J. UNDERWOOD, Lieutenant-Colonel,
Military Attaché.

Tehran, November 5, 1938.

Mr. Seymour to Viscount Halifax.—(Received November 25.)

(No. 364.)

My Lord,

Tehran, November 15, 1938.

I HAVE the honour to transmit to you herewith copies of a French translation of a law,⁽¹⁾ introduced before the Majlis and unanimously passed on the 5th November last, to interpret article 37 of the supplement to the Fundamental Law of the Persian Empire.

2. The original Fundamental Law, consisting of fifty-one articles, was promulgated on the 30th December, 1906. The supplement of 107 articles followed on the 7th October, 1907, and the thirty-seventh article here referred to reads as follows:—

“The succession to the throne, in case of there being more than one son, passes to the eldest son of the King whose mother is a princess and of Persian race. In case the King should have no male issue, the eldest male of the Royal family who is next-of-kin shall rank next in succession to the throne. If, however, in the case supposed above, male heirs should subsequently be born to the King, the succession will *de jure* revert to such heir.”

3. This is not the first interpretation that has been decreed in connexion with the article in question. In consequence of the replacement of the Kajar by the Pahlavi dynasty, the question of the succession was dealt with in the Majlis on the 12th December, 1925, by the following modification, which was reported by Sir P. Loraine in his despatch No. 667 of the 18th December, 1925:—

“The eldest son, if born of a Persian mother, shall be the heir-apparent to the throne. In the event of the Shah having no son, the heir to the throne shall be designated by His Imperial Majesty, subject to the approval of the Majlis. No member of the Kajar family can, however, be so designated.”

4. The present interpretation, as need hardly be said, and is, indeed, explicitly stated in the preamble to the law, is occasioned by the intended marriage of the Crown Prince to an Egyptian princess. In introducing the law, the Minister of Justice made a lengthy speech, in which he referred, first, to the constitutional law as being a set of principles couched in general terms, which required the interpretation of the Majlis provided for by article 27 of the supplement to the Fundamental Law. Secondly, he described the means by which, according to the Civil Code, Iranian nationality was acquired, and drew a distinction between “essential” means of acquisition (*e.g.*, being born of an Iranian father, born on Iranian soil), which conferred an inalienable title, and “accessory” means (*e.g.*, by marriage with an Iranian), which conferred only a title that might be lost as a result of such things as divorce or death of the husband. Thirdly, he said that the phrase, which appears in the translation of article 37 in paragraph 2 above, as “of Persian race,” and which the *Journal de Téhéran* has conveniently rendered “Iranien d'essence” in the enclosed extract, if it meant that the entire ancestry had to be proved Iranian, was a thing for which no one could qualify. And that the intention of the Constitution was that the mother of the future heir-apparent should have acquired her title to be an Iranian, not by the mere fact of her marriage with the ruler, but by one of the “essential” means envisaged by the Civil Code, previous to her marriage. Fourthly, he added that it was not considered sufficient, in the case of the future Empress, that she should acquire Iranian nationality in one of the ways open to anybody under the Civil Code, and for this reason the provision for an Imperial decree had been included in the law.

I have, &c.

H. J. SEYMOUR.

⁽¹⁾ Not printed.

Mr. Seymour to Viscount Halifax.—(Received December 12.)

(No. 369. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit herewith a copy of Intelligence Summary No. 24 for the period ending the 19th November, compiled by the military attaché to this legation.

Tehran, November 22, 1938.

(Secret.)

Enclosure in No. 27.

Intelligence Summary No. 24 for the period ending November 19, 1938.

1. The Shah.

HIS Imperial Majesty the Shah, accompanied by the Crown Prince, after attending the Annual Turkoman Race Meeting on the 31st October at Dasht Gorgan, has been carrying out a detailed and thorough inspection of factories, schools, harbours and other public works in the Provinces of Mazandaran and Gilan. Among the towns visited were Sari, Babul, Babul Sar, Rasht and Bandar Pahlavi.

The Royal party are still on tour.

2. The Royal Engagement.

Reference Intelligence Summary No. 15 (current), paragraph 2. As generally expected, a special law was introduced in the Majlis and unanimously passed supplementing article 37 of the Constitutional Law of the Empire. This law reads as follows:—

“The eldest son, if born of a Iranian mother, shall be heir apparent to the Throne. In the event of the Shah having no son, the heir to the Throne shall be designated by His Imperial Majesty subject to the approval of the Majlis. No member of the Qajar family can, however, be so designated.”

The Minister of Justice, introducing the new law, spoke of the Constitutional Law being a set of principles couched in general terms. He went on to say that the intention of the Constitutional Law was that the mother of the future heir apparent should have acquired her title to be an Iranian, not by the mere fact of her marriage with the ruler but by one of the “essential” (being born of an Iranian father or born on Iranian soil) or “accessory” (by marriage) means envisaged by the Civil Code.

In the case, however, of the future Queen (Princess Fowzieh of Egypt) it was not considered sufficient that she should acquire Iranian nationality in one of the ways open to everybody under the Civil Code and for this reason provision for an Imperial decree, subject to the approval of the Majlis, had now been included in the Constitutional Law.

3. Death of the Turkish President.

The news of the death of Ataturk had not been unexpected, as his recent severe attacks of illness had been fully reported. The Iranian press devote long articles in praise of the late President, describing in detail his life, works and genius.

At a special meeting of the Majlis held on the afternoon of the 17th November the President of the Assembly, in moving the adjournment of the house in honour of the deceased, delivered a moving oration describing the death of Ataturk as a great calamity not only for the Turkish people but also for Iran and the Iranians. The Assembly, all standing, observed a two-minute silence and then adjourned. The diplomatic and public galleries were crowded.

Following the news of the late President's death, His Imperial Majesty the Shah has ordered Court and official mourning for a period of one month, and has also despatched a delegation to attend the funeral ceremonies at Angora. The Iranian delegation is as follows:—

His Excellency Khalil Fahimi (Foreign Office Personalities, No. 76), Iranian Ambassador to Turkey nominated as Envoy Extraordinary to the funeral.

His Excellency Sar Lashgar (Major-General) Ahmed Nakhchevan (Military Attaché's Personalities, No. 193, Foreign Office Personalities, No. 139), Acting Minister of War.

Sartip (Brigadier) Kupal (Military Attaché's Personalities, No. 155, Foreign Office Personalities, No. 114).

Sarhang (Colonel) Arfa (Military Attaché's Personalities, No. 37, Foreign Office Personalities, No. 30).

A detachment of three officers and fifty-two other ranks of the Pahlavi Guard Regiment, with colour party.

It may be recalled that Kemal Ataturk was the host of His Imperial Majesty the Shah when the latter paid a State visit to Turkey in the summer of 1934. The only foreign visit that the Shah has as yet undertaken. From that date the friendship between the two rulers ripened. It is without doubt largely due to Ataturk's fearless example that the Shah has been emboldened to carry out the reforms now in vogue in Iran, especially that of the emancipation of women.

4. Internal Security.

(i) Reference Intelligence Summary No. 23 (current), paragraph 11. The trial of the fifty-three persons for alleged participation in a Communist conspiracy has at last been concluded. All the accused have been found guilty. Nine of the principal accused have been sentenced to ten years' solitary confinement and the remainder to sentences varying from four to seven years' solitary confinement. It is generally considered that the sentences are extremely harsh, as the organisation was little more than a students' debating society formed by students and professional men who had studied abroad.

For the first two days of the trial the Central Criminal Courts were open to the public, but after an unexpected outburst and protest from two of the accused the later sittings were held *in camera*. Carefully edited reports were handed to the press for publication. These contained only detailed evidence for the prosecution and nothing of the defence.

(ii) At Isfahan in September and early October a large number of Armenians and others were arrested for interrogation by the secret police. Twelve Julfa Armenians were subsequently detained in custody for further investigation.

It is now reported that most of these have now been released, as nothing could be proved against them.

5. British Interests.

Lieutenant-Colonel H. J. Underwood, British Military Attaché, visited Habbaniya and Bagdad from the 8th to 15th November.

6. German Interests.

Reference Intelligence Summary No. 23 (current), paragraph 7, lines 2 and 3. For ("£25 million") read ("£2½ million").

7. European Crisis.

It is learned from a reliable source that the German Legation in Tehran, together with the local Nazi organisation, summoned a number of their countrymen and issued instructions on how they were to act in Tehran in the event of war breaking out. Similar action had also been taken in all important towns in the provinces.

There are now approximately 3,000 Germans in Iran, and this number is steadily increasing.

8. The Trans-Iranian Railway.

Fifteen new locomotives and an unspecified number of passenger and goods waggons, all of German manufacture, have arrived at Ahwaz. There they are being assembled under the supervision of expert German railway engineers.

9. Iranian Air Force.

On the 13th November a Hawker "Audax" aeroplane belonging to No. 1 Air Regiment crashed from a considerable height in the mountains north of Tehran. The pilot Satwan yekum (First Lieutenant) Nasirullah Nasir and his n.c.o. observer were instantaneously killed. The machine itself was completely wrecked.

10. Changes in Place Names.

The name Siyah Dahan (degree sheet S H, square C 4) has been changed to Takistan. This village belongs to His Imperial Majesty the Shah.

11. The Anglo-Iranian Oil Company.

It is reliably reported from several sources that the new oil pipe-line from Gach Saran to Abadan (million sheet No. 10, square A 2) is already under construction. The pipe-line runs from Gach Saran straight across the marshes north of Khor Musa (million sheet No. 10, square A 2). As Gach Saran is situated at a height, the oil will travel by gravity without the need of pumping stations.

Pipes, &c., are now being landed at Khor Kazaleh, one of the creeks of the Khor Musa, where a new jetty has been built.

No decision has as yet been taken on the proposed site of the new refinery in the Khor Musa. The experts' report is now being considered in London.

12. Iranian Baluchistan.

A consular report states that on the 15th November a mixed column consisting of 3,000 troops of the Zahidan and Zabul garrisons left for Nasratabad Sipi (million sheet No. 24, square D 3) and have surrounded Juma Khan Ismailzai and his followers. Action by the military authorities has long been expected, as this Baluchi Sirdar has been responsible for most of the trouble and unrest in Iranian Mekran. It now remains to be seen whether Juma Khan will successfully evade the net spread for him.

13. Iranian Army.

It is reported, but as yet unconfirmed, that the Amnieh (Road Guards) Officers' Training College in Tehran has been abolished.

14. Military Publications.

Issues No. 7, 8, 9 and 10 of Volume II of the *Piyada Nizam* (Infantry Journal) contain nothing of interest to the General Staff.

H. J. UNDERWOOD,
Military Attaché.

[E 7820/43/34]

No. 28.

Mr. Seymour to Viscount Halifax.—(Received December 29.)

(No. 381.)

My Lord,

Tehran, December 3, 1938.

WITH reference to my despatch No. 364 of the 15th November,⁽¹⁾ I have the honour to report that on the 29th November the Majlis unanimously passed a measure approving that Iranian nationality should be conferred on Princess Fowzieh by Imperial decree, in accordance with the interpretation⁽²⁾ of article 37 of the supplement to the Fundamental Law previously passed.

2. I gather that a number of Persians consider that the dynasty would have been in a stronger position for the future if, instead of a mere interpretation, an entirely new article 37 had been agreed to. It is felt, and probably with some reason, that at some date in the future it may be easier for enemies of the dynasty to get the interpretation changed than for them to secure an alteration in the Fundamental Law.

A copy of this despatch is being sent to His Majesty's Ambassador at Cairo. I have, &c.

H. J. SEYMOUR.

⁽¹⁾ See "Persia" print, November 25, 1938, Section 1. The law interpreting article 37 was passed on the 5th November, 1938, and reads as follows (the translation is taken from the *Journal de Téhéran* of the 8th November, 1938):—

Préambule.

(Traduction.)

Le mot "iranien d'essence" mentionné à l'article 37 de la Loi fondamentale complémentaire de la Constitution n'ayant jusqu'à présent pas été clairement interprété dans les diverses lois de l'Empire;

Afin qu'au moment où une alliance entre les Familles impériale de l'Iran et royale de l'Égypte est en voie de réalisation, aucune imprécision ne subsiste sur la situation juridique de la future Impératrice et du futur Prince Héritier, le Ministre de la Justice soumet à l'approbation du Parlement l'article unique suivant interprétant l'article 37 de la Loi fondamentale complémentaire de la Constitution et en demande le vote au moyen de la procédure de double urgence.

Article unique: Interprétation de l'Article 37 de la Loi fondamentale complémentaire de la Constitution.

On entend par "mère iranienne d'essence," tel qu'il est mentionné à l'article 37 de la Loi fondamentale complémentaire de la Constitution, tant la mère qui suivant le paragraphe 2 de l'article 976 du code civil est de filiation iranienne que la mère à qui, avant son mariage avec le Souverain ou l'Héritier du Trône de l'Iran, en vue des raisons supérieures de l'Etat, un décret impérial aura accordé la qualité iranienne, sur la proposition du Gouvernement et avec l'approbation du Parlement.

[E 7821/49/34]

No. 29.

Mr. Seymour to Viscount Halifax.—(Received December 29.)

(No. 383.)

My Lord,

Tehran, December 2, 1938.

I HAVE the honour to report that I was received to-day by His Imperial Majesty the Shah in order that I might hand to him personally the gift of a silver and enamel casket presented by The King. The Shah asked me to convey to His Majesty his most sincere thanks for this gift, and to assure him of the great pleasure with which he accepted this token of friendship from a ruler for whom he felt the greatest esteem.

2. After the presentation had been made the Shah kept me for some twenty minutes in further conversation. He referred first to the situation in Europe, and expressed the view that there was hope of a general improvement. He attached much importance to the success of the French Government in dealing with the general strike of the 30th November, and thought that this development was of good augury for the future. (His Imperial Majesty is always inclined to take a pessimistic view of the prospect of revolutionary elements gaining power in France.) He believed that there was now a chance for those leaders who were working for peace to get the upper hand of the elements working for disorder and war.

3. Turning to the events of last September, the Shah said that he would like the Prime Minister to know how cordially he had agreed with the policy which Mr. Chamberlain had then followed, a policy which was based upon the real interests of the British Empire and which had also brought benefits to the world. He said he wished His Majesty's Government to know also that they need have no anxiety about the policy of Iran; this policy was one of peace and of respect for the rights of other countries on a basis of equality and reciprocity. I thanked His Imperial Majesty for this message, and said that, in defining the policy of Iran, he had, I thought, accurately described that of His Majesty's Government in the United Kingdom. Peace and the possibility of development which went with peace were the desire of both countries.

4. The Shah then referred to events in Turkey. He said that he had made the acquaintance of General İnönü during his visit to that country and had been much impressed with his character and capacity. He felt sure that under his presidency the policy of the Turkish Government would remain unchanged. In reply to an enquiry from me he said that he did not think that the change in the Ministry for Foreign Affairs and the dropping of Dr. Rüştü Araş foreshadowed any modification of Turkish foreign policy.

5. I was struck during this conversation with the very cordial references made by the Shah to the Prime Minister personally and to the policy of His Majesty's Government. In his remarks on Anglo-Iranian relations, reported above, he laid stress on the necessity of reciprocity. Whether His Imperial

Majesty had any special question in mind I do not know, and he did not give any example of what he meant. The assertion of equality and reciprocal treatment is, however, a cardinal point of Iranian policy, and it may be that the Shah took a convenient opportunity of again reminding us of it.

6. In conclusion, the Shah again expressed his sincere appreciation of The King's gift, and his pleasure at possessing this mark of His Majesty's friendship. I ventured to say that The King would, I knew, be happy to know that an example of English art would form an item in the fine collection which adorns the new imperial palace.

7. I am sending a copy of this despatch to His Majesty's Ambassador at Angora.

I have, &c.

H. J. SEYMOUR

[E 7831/659/34]

No. 30.

Mr. Seymour to Viscount Halifax.—(Received December 29.)

(No. 396.)

My Lord,

Tehran, December 16, 1938.

IN paragraph 13 of my despatch No. 296 of the 30th August, regarding the opening of the Trans-Iranian Railway, I had the honour to report that engineers were engaged on a survey of the Tehran-Tabriz section of the proposed east-west line.

2. Early in November it was announced in the press that the experts attached to the Ministry of Roads and Communications were preparing plans for this east-west line, that it would run from Semnan to Meshed and from Tehran to Tabriz, and that work on certain sections of the line would be put in hand in the near future. About the same time the commercial secretary to His Majesty's Legation was informed that the Consortium Kampsax hoped shortly to sign a contract for a network of railways which would include lines from Tehran to Tabriz, Tehran to Yazd and Kerman, and possibly Tehran to Meshed.

3. Negotiations continued during the month of November, but it recently became apparent that they had broken down. M. Saxild had intended to return to Denmark for a few weeks, but has now decided to remain in Tehran until a new Minister of Roads and Communications is appointed to succeed M. Majid Ahy, whose dismissal was reported in my despatch No. 390 of the 13th December, and who is now definitely understood to be in prison. That M. Saxild is not unduly optimistic can be judged by the fact that he recently told Mr. Bland (a special representative of Messrs. Lindsay, Parkinson and Company) that he would be well advised to return to London, as it was unlikely that any decision would be reached for at least six months.

4. The proposed network of new railways would probably cost between £30 and £40 million, and it is highly probable that the negotiations for their construction have broken down over the question of finance. In any case, it is unlikely that the work, except in the sections presenting little or no difficulty, will be entrusted to local contractors, since Mr. Saxild stated recently that the survey undertaken by Iranian engineers was useless and would have to be done again by competent surveyors.

5. A copy of this despatch is being sent to the Department of Overseas Trade.

I have, &c.

H. J. SEYMOUR.

[E 7835/167/34]

No. 31.

Mr. Seymour to Viscount Halifax.—(Received December 29.)

(No. 400. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 25 for the period ending the 3rd December compiled by the military attaché to this legation.

Tehran, December 16, 1938.

(Secret.)

Enclosure in No. 31.

*Intelligence Summary No. 25 for the Period ending December 3, 1938.*1. *The Shah.*

HIS Imperial Majesty the Shah, accompanied by the Crown Prince, have returned to the capital and are in residence at the Imperial Palace.

2. *The Royal Engagement.*

Reference Intelligence Summary No. 27 (current), paragraph 2. The law introduced in the Majlis whereby provision is made for an Imperial decree granting Iranian nationality to Her Royal Highness Princess Fowzieh on her marriage with the Crown Prince, has passed its final reading and has become law.

Court officials and others are busily engaged in arranging appropriate ceremonial for the wedding in Tehran. According to the latest reports, His Royal Highness the Crown Prince, accompanied by his sisters and brothers-in-law, will proceed to Egypt via Bagdad and Syria after Nou Ruz (New Year's Day), the 21st March. He and his bride will return by sea to either Bandar Shahpur or Khurramshahr, and will travel to the capital in the Royal train.

Between 2,000 and 3,000 guests and visitors are expected in Tehran for the wedding. To find suitable accommodation for such a large number is one of the many problems now confronting the authorities.

3. *Iranian Officials.*

His Excellency Abdul Majid Ali (Military Attaché's Personalities, No. 7; Foreign Office Personalities, No. 9) was dismissed from office by order of His Imperial Majesty the Shah on the 29th November.

Rajab Ali Mansur, C.B.E. (Mansul-ul-Mulk) (Military Attaché's Personalities, No. 164; Foreign Office Personalities, No. 122), the present Minister of Industry and Mines, is likely to succeed him. In the meantime Dr. Sadjadi, First Under-Secretary, is acting as Minister.

4. *British Interests.*

(1) H.M.S. *Norfolk*, flying the flag of his Excellency Vice-Admiral J. F. Somerville, C.B., D.S.O., Commander-in-chief, East Indies, cruised in the Persian Gulf from the 19th November to the 3rd December. The following places were visited:—

Khor Kuwai.	Abadan.
Trucial Coast.	Koweit.
Bahrein.	Muscat.

At Abadan the usual official exchange of calls was carried out.

The Iranian sloops based on the Persian Gulf were on prolonged manoeuvres at the time of the visit.

(2) On the 2nd December His Majesty's Minister was granted an audience by His Imperial Majesty the Shah, and on behalf of His Majesty King George VI presented a silver and enamel casket as a return gift for the carpet which the Shah had sent to His Majesty on the occasion of his Coronation. The Shah accepted the gift with keen pleasure.

5. *French Interests.*

The French military mission is now reduced to four members. They are as under:—

Colonel Henriet.
Lieutenant-Colonel Pachaud Chalret du Rieu.
Major Massonne.
Major Vicomte de la Moussaye.

The two last named complete their contracts in January 1939.

The Iranian Ministry of War have not yet asked for the replacement of the military mission. This is causing some uneasiness in French circles, as it is known that both the German and Italian Governments are endeavouring to sell war material and aircraft to the Iranian Government together with an offer of experts and instructors.

It is also stated that both Sar Lashgar (Major-General) Yazdan Panah, Commandant of the Military Academy and the Staff College, and his Chief of Staff, Sarhang (Colonel) Arfa (Military Attaché's Personalities, No. 37; Foreign Office Personalities, No. 30), are reported to be strongly pro-German. Since the commencement of the new session in October both colleges have been studying German military text-books in preference to the French.

6. *The Iranian Army.*

(1) During October Colonel Henriet, chief of the French Military Mission and Adviser in Defence, visited the Persian Gulf ports together with a party of students from the Staff College. The party visited Bandar Abbas, Lingeh and Bushire. A similar tour was carried out last year, and it may be assumed that the problem of the defence of these ports was again studied.

(2) It is reliably reported that a company of Alpine troops, equipped with skis, is about to be formed in the Iranian army. A Swedish or Swiss officer instructor may be engaged. There are excellent training slopes close to Tehran.

(3) On the evening of the 29th November a fire broke out in the old arsenal in the centre of the city, now used as an ordnance workshop. The damage is stated to be in the neighbourhood of 160,000 rials (£20,000). Specially seasoned wood for rifle stocks, &c., and expensive machinery was totally destroyed. His Imperial Majesty the Shah himself visited the scene of the fire, and on the following day inspected the powder factory at Parchin and the central supply depot, where he made careful enquiries as to the precautions taken against fire in these establishments. The Ministry of War, acting on the Shah's instructions, have given a contract to a French firm for the immediate reconstruction and re-equipping of the destroyed ordnance workshop.

(4) The following quantities of explosives for the new Stokes Brandt 81 mm. mortars have been delivered:—

7,500 shells.
7,600 cartridges.
7,600 fuzes.
45,600 exploders.

(5) Owing to the dismemberment of Czechoslovakia, the Ministry of War have been anxious about the delivery of the remainder of the order for 200,000 Brno rifles. Czechoslovakian armament firms have, however, reassured the Ministry that all outstanding contracts can easily be fulfilled. As a result an order for a further 250,000 rifles is reliably stated to have been placed, and at even cheaper cost. Representatives of Belgian armament firms who visited Tehran just after the crisis in the hope of taking over Czech contracts have met with no success.

(6) Optical instruments have recently been purchased from the Société française d'Optique et de Mécanique (S.O.M.) for a sum of 3½ million francs as under:—

8 stereoscopic rangefinders (base 3 metres).
41 rangefinders (base 2 metres).
1 rangefinder (base 70 cm.).
160 panorama sights.
50 battery telescopes (double binocular).
150 altitude measuring sights.

7. *The Iranian Air Force.*

(1) It is reliably reported that the two Iranian test pilots now in England have recently visited Italy. The Italians are prepared to supply twin-engine bombing aircraft for delivery within six weeks complete with equipment, guns, wireless, &c. Payment to be 50 per cent. in sterling or dollars and the balance in Iranian goods. Facilities will also be given in Italy for the training of pilots and mechanics.

(2) Reference Intelligence Summary No. 22 (current), paragraph 7 (3). The first consignment of eighteen Hawker "Hind" aircraft has arrived at Ahwaz and are being assembled in batches of five. After undergoing the usual test formalities the machines will be handed over to the Iranian air force and flown to Tehran.

8. *Aerodromes.*

A landing ground has been constructed at Dilijan (million sheet No. 9, square C 2).

9. *Italian Interests.*

Capitano di Fregata Luciano Bigi, Italian naval and air attaché, left Tehran for Italy on completion of his tenure of appointment. His successor is Capitano di Corvetta Luigi Mola.

10. *Internal Security.*

(1) A number of burglaries culminating in the brutal murder of a German-born Jew, agricultural expert (nationalised Iranian) have occurred in the centre of Tehran. The police have shown commendable speed in rounding up the murderers. The majority of those arrested are deportees from the Soviet Union recently arrived in Iran.

(2) The number of beggars in the streets of Tehran have greatly increased, these, too, are largely deportees.

11. *The Iranian Navy.*

An unconfirmed report states that Naokhuda (Captain) Bayendor and his brother, who is also a naval officer, will leave shortly for Italy in connexion with proposals for the acquisition of additional fleet units.

12. *The Funeral of the late Turkish President.*

Reference Intelligence Summary No. 3 (current), paragraph 3. The Iranian delegation to the funeral of Ataturk have returned to Tehran. The party travelled via Khaniqin, Kirkuk, Tel-Kotehek to Angora and returned by the same route.

As already stated, considerable prominence was given in the press to Ataturk's career. These articles emphasised the close parallel between Iran and Turkey. There was, however, an undercurrent of apprehension at the thought of what might happen if the new Iran, like the new Turkey, were suddenly to find itself without its present ruler.

13. *Iranian Baluchistan.*

Reference Intelligence Summary No. 24 (current), paragraph 12. As anticipated, Juma Khan and about thirty of his followers successfully evaded arrest and crossed into the Chagai Agency at Piran (million sheet No. 30, square B 3).

Intelligence Bureau, Qetta, reports that five motor buses carrying wounded infantry have arrived in Zahidan. The Ismailzai casualties are estimated at forty killed and wounded. This is still unconfirmed.

14. *Factories.*

A large new spinning factory has been erected in Qum.

15. *Egyptian Interests.*

His Excellency E. P. Latif Tala'at Bey the new Minister for Egypt was received in audience by His Imperial Majesty the Shah at the Gulistan Palace on the 26th November, and presented his letters of credence.

16. *Currency.*

The National Bank (Bank i Mellie) publish a final notice calling in the following coinage:—

- (1) 1 and 2 dinars in copper.
- (2) 50 and 100 dinars in nickel (1 and 2 shahis).
- (3) 5, 10 and 25 dinars in nickel.
- (4) 5, 10 and 25 dinars in copper.

The new coinage issue is in bronze, and consists of:—

- (1) 5 dinar coin.
- (2) 10 dinar coin.
- (3) 50 dinar coin.

17. *The Caspian Sea.*

Reference Intelligence Summary No. 11 (current), paragraph 16. Both the Soviet Union and Iran are concerned over the rate at which the Caspian Sea is receding. So far no effective solution of the problem has been found. It is reported in the press that Soviet engineers are seriously considering a project for changing the northern watershed, so that the streams which flow across the steppes of Northern Russia into the Arctic Ocean would become tributaries of the Volga and Ural Rivers, and thereby increase the flow of water into the Caspian.

18. *The Iranian Cabinet.*

Members of the Iranian Cabinet on the 1st December, 1938, are given as an appendix.

19. *Cinema Films.*

Within recent months a number of Indian films (viz., "The Tiger of Bengal" and "The Hindu's Tomb") have been shown in Iran. These films are most popular with the public. The sound recording of these films is, however, either in Hindustani or in French. If it were possible to arrange for the recording to be in Persian their success would be enormous, and a firm hold could be established in the film market.

H. J. UNDERWOOD, *Lieutenant-Colonel,*
Military Attaché.

Tehran, December 3, 1938.

Appendix to Enclosure.

Iranian Cabinet on December 1, 1938.

Prime Minister: Mahmud Jam.
Minister of Interior: Abdul Qasim Ferouhar.
Minister for Foreign Affairs: Muzaffar A'lam.
Minister of Finance: Mahmud Bader.
Minister of Roads and Communications: Dr. Sadjadi (acting).
Minister of War: Sar Lashgar (Major-General); Ahmad Nakhchevan (acting).
Minister of Justice: Dr. A. Matin-Daftary.
Minister of Education: Muhammad Ismail Mirat (acting).
Minister of Posts and Telegraphs: Muhammad Hakimi (acting).
Minister of Commerce: Sadiq Vasighi (acting).
Minister of Industry and Mines: Rajab Ali Mansur.
Director-General of the Department of Agriculture: Sartip (Brigadier).
Mehdi Quli Tajbakhsh (acting).

Mr. Seymour to Viscount Halifax.—(Received December 29.)

(No. 402. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith a copy of Intelligence Summary No. 26 for the period ending the 17th December, compiled by the military attaché to this legation.

Tehran, December 17, 1938.

(Secret.)

Enclosure in No. 32.

Intelligence Summary No. 26 for the Period ending December 17, 1938.

1. *The Shah.*

HIS Imperial Majesty the Shah and the Royal Family continue to be in residence at the Imperial Palace.

Recently certain newspapers in London, Paris and Tokyo reported that Herr Hitler had invited His Imperial Majesty the Shah to visit Germany in the spring of 1939 and that the invitation had been accepted. An official *démenti* has been published in the Iranian press.

2. *Iranian Officials.*

Reference Intelligence Summary No. 25 (current), paragraph 3. No new Minister of Roads and Communications has yet been appointed. The affairs of the Ministry are reliably reported to be in a chaotic state and will require complete reorganisation. M. Ahi, the late Minister, is now under close arrest pending the result of an enquiry into the loss of large sums which ought to have been expended on the country's road system.

3. *British Interests.*

(1) Lieutenant-Colonel H. J. Underwood, British Military Attaché, toured in Isfahan and Shiraz districts from the 7th to the 13th December.

(2) Lieutenant P. G. B. McNulty, 2nd Royal Lancers, who is undergoing one year's language study duty in Iran, was transferred from Kerman to Shiraz at his own request on the 3rd December.

4. *The Iranian Army.*

(1) It is reliably reported that infantry regiments of the Tehran garrison are now in possession of anti-tank guns of Skoda manufacture. These are apparently organised as an anti-tank platoon of four guns per regiment.

The Turkish Military Attaché, during a recent visit to the barracks of the 3rd (Bahadur) Regiment, observed practice in gun-laying and mechanism being carried out with this type of gun.

(2) An unconfirmed report states that both the Isfahan and Kermanshah Independent Brigades will shortly be raised to divisions. This may be correct, as Isfahan is the headquarters of the 10th Recruiting District and is the only recruiting district in which a complete division does not exist. An unusual number of new barracks are under construction in both these towns.

5. *Fortifications.*

An unconfirmed but reliable report states that coast defence artillery (Skodas) has been installed on Ashurdeh Island and at several places near Bandar Shah (million sheet No. 15, square B4). Concrete machine-gun posts and sites for guns have also been constructed on the Chalus road (million sheet No. 8), as well as on the main Bandar Pahlavi-Resht-Tehran road.

6. *Petrol.*

Petrol is now being sold in bulk at modern filling stations with pumps erected by the Anglo-Iranian Oil Company in all towns and at various points along the main roads. The price is 1.33 rials per litre, which works out at about 1s. 6d. per gallon.

A new bulk depot is being constructed at Azna (million sheet No. 9, square B3), on the Trans-Iranian Railway, of five 1 million gallon tanks. When completed next year, Azna will become the distributing depot for the Isfahan and Kerman area. The road between Azna and Isfahan is under reconstruction.

7. *Iranian Baluchistan.*

Reference Intelligence Summary No. 25 (current), paragraph 13. The Iranian Government have formally demanded the extradition of Juma Khan Ismailzai, his son Jalal and several of his accomplices. This request had to be refused as no extradition treaty between the Iranian Government and the Government of India exists.

Juma Khan Ismailzai and his followers, who include a large number of women and children, are reported to have been disarmed and sent to Nuskhi under arrest.

8. *Internal Security.*

Reference Intelligence Summary No. 25 (current), paragraph 10. On the 7th December thirteen criminals, including the murderers of a German-born Jew resident in Tehran, were executed by shooting at the central gaol.

9. *Communications.*

(1) *Railways: Tehran-Tabriz Line.*—The construction of 42 kilom. between Tehran and Kerej has commenced. Two hundred and fifty small bridges will be constructed, including one over the Kerej River of about 180 metres in length. This lot will be completed by November 1939.

(2) Messrs. Consortium Kampsax have not succeeded in arranging the terms of their new contract for further railway construction (*vide* Intelligence Summary No. 23 (current), paragraph 10), which were on the point of completion when the late Minister of Roads and Communications was dismissed. Fresh negotiations have had to be undertaken. It is not expected that any further construction beyond that of Lot 1 (Tehran-Kerej) will be commenced until the spring of 1939.

(3) Representatives of Messrs. Lindsay, Parkinson and Co., railway constructional engineers, who have been in Tehran recently with a view to negotiating a contract with the Iranian Government, have now returned to London.

10. *Climatic Conditions.*

Heavy snow and rain has fallen throughout Iran during the past ten days. This is much earlier than usual.

11. *Postal Agreement.*

A postal agreement has been signed at Kabul between representatives of Afghanistan and Iran. This agreement establishes a direct and regular service of mails between the two countries. Transfer of mails will take place between the undermentioned post offices:—

<i>Iran.</i>	<i>Afghanistan.</i>
Kariz	Islam Kala
(Million sheet No. 29, square A2)	
Zabul	Nad-i-Ali
(Million sheet No. 30, square B1)	

12. *The Anglo-Iranian Oil Company.*

Under the terms of the Cadman Agreement of 1933 the Anglo-Iranian Oil Company have to demarcate and notify the Iranian Government before the 31st December, 1938, of the exact areas over which they wish to operate the concession of 100,000 square miles of Iranian territory granted to the company.

During the last two years thorough surveys have been carried out by the company's geologists in the Provinces of Luristan and Fars, and also of the coast line up to the 3-mile limit between the Shatt-el-Arab and Gwadar. The experts, in making their reports, have pointed out the probability of their being five or six large oil-fields lying somewhere in the region comprised by the flat country at the head of the Persian Gulf and the adjacent sea. It is quite possible that during the next ten years the company may wish to start operations in parts

of the sea bed as far distant as 12 miles from the Iranian coast, as it is now technically possible to tap the fields under the sea through even greater depths of water than at present, although nowhere is the depth likely to be more than 5 fathoms. Such oil-fields already exist along the Californian coast line of America.

This brings up a number of complicated points, one of which is the limit of territorial waters normally 3 miles, whereas the Iranian Government claim a 12-mile limit. Another is the acquisition by effective occupation of a claim beyond the 3-mile limit by means of the erection of artificial construction.

The company's representatives are now in Tehran discussing this problem with the Ministry of Finance and have expressed their desire to include in their concession the whole Iranian coast line.

13. Roads.

The main road between Tehran and Qum, which has deteriorated greatly since the construction of the Trans-Iranian Railway, is to be completely remodelled and the bridges strengthened in order to cope with the increasing motor traffic between the capital and such centres as Isfahan, Shiraz and South-East Iran.

14. British Cemetery.

The British cemetery at Jask Point is reported to be in a very neglected state. Many of the gravestones and wooden crosses have been thrown down. This cemetery contains over forty graves, including those of naval ratings and others who took part in the original surveys and actions in the Persian Gulf over a century ago.

15. The Press.

The Iranian press continue to publish laudatory articles on Egypt. Current news on Egyptian affairs is also featured daily in the *Journal de Téhéran*.

For some time past the foreign press have escaped attack; however, this unusual state of affairs has not lasted long, and English, French, German and Russian newspapers have all been found wanting. It must be the first time on record that the *Berliner Tageblatt*, *Le Concours médical français*, *Men Only* and *Women, Boys and Men of Old Lands* have found themselves bracketed together!

H. J. UNDERWOOD, Lieutenant-Colonel,
Military Attaché.

Tehran, December 17, 1938.

[E 7838/43/34]

No. 33.

Mr. Seymour to Viscount Halifax.—(Received December 29.)

(No. 404.)

My Lord,

Tehran, December 16, 1938.

I HAVE the honour to transmit to your Lordship herewith copies of a despatch from His Majesty's Consul-General for Khorasan enclosing a very interesting and useful appreciation of the present situation in East Iran.

2. I am sending a copy of this despatch to the Government of India.

I have, &c.

H. J. SEYMOUR.

Enclosure 1 in No. 33.

Consul-General Squire to Mr. Seymour.

(No. 95. Confidential.)

Sir,

Meshed, December 6, 1938.

I HAVE the honour to forward herewith, with reference to your circular despatch No. 9 of the 15th February, 1936, an appreciation of the situation in East Iran.

I have, &c.

G. F. SQUIRE.

Enclosure 2 in No. 33.

An Appreciation of the Political Situation in East Iran.

A TRAVELLED American, who recently spent several days in Tehran and Meshed on his way to India, said that what struck him chiefly about the country was its truly remarkable resemblance to the U.S.S.R.: the same prevailing poverty, the same apathy, the people cowed by the sinister and ubiquitous activities of the secret police; the same pointless and pettifogging regulations unintelligently enforced in such a way as to give the maximum of trouble with the minimum result. As far as Meshed is concerned, the picture is by no means overdrawn. Hand in hand with outward improvements goes a steadily decreasing power of resistance to the sinister miasma of State interference from which there is no escape.

2. But although discontent with the present régime is almost universal, tribal chiefs, landowners and mullahs have for several years now been so oppressed that they have to a large extent lost their former influence and, in the absence of leaders, no overt opposition seems at all probable. The only manifestation of dissatisfaction comes from the few who have had recourse to brigandage for their livelihood. The past year has undoubtedly witnessed a definite lowering of the standards of security on the roads, culminating in October in a particularly daring hold-up on the main Meshed-Tehran road some 30 miles only from Meshed, in which six or seven brigands closed the road for four hours in the afternoon, held up over a dozen vehicles and decamped with cash believed to amount to 120,000 rials.

3. In the south, on the other hand, the central authority has at last taken decisive steps to bring Juma Khan Ismailzai to book. This tribal leader has for years been a thorn in the side of the Mukran Administration, but hitherto efforts to bring him under control have been confined to attempts to lure him into a trap by false promises or to conciliate him by subsidies and tribal service. But the patience of the authorities seems at last to have been exhausted, and in November, on receipt of instructions from Tehran, operations against him were undertaken in earnest. Juma Khan was taken unawares near Shoru, but even so put up a strong resistance. After holding out for a week, during which time the Ismailzais are reported to have inflicted sixty casualties with the loss of only four of their own men, Juma Khan realised that his position was hopeless and slipped through the surrounding cordon with all his family and some fifty tribesmen and escaped across the border near Kacha into British India. The military have seized his flocks and camels and have destroyed his crops. This drastic action, in spite of its failure to achieve its main object, the capture of Juma Khan himself, cannot but enhance the prestige of the Central Government and will conduce to the pacification of this long disturbed area.

4. But while the attention of Mukran is taken up with troubles within, the chief anxiety of Khorasan centres on difficulties without. Refugees from Russia have brought with them more than the mere problem of their own disposal. This, in Khorasan, is not very great as the total number of immigrants via Bajgirani probably does not exceed 2,000. But among these refugees were, as was only to be expected, a number of Soviet agents, who have given a lively fillip to the spy mania ever present in the province. As a result all Russian refugees, including a number of people who have been living peaceably in Meshed for many years, are now being turned out and sent to the interior of the country, to such places as Shahrud and Sabzewar. On no account are they to be allowed in Tehran.

5. This policy is likely to have unpleasant repercussions on the other foreigners, especially Indians, resident in and around Meshed. The cause of the expulsion of the Berberis of Kalata Khush, referred to in paragraph 2 of my last report, was almost certainly the discovery by the local authorities of the fact that they were a community of ex-soldiers of the Indian army, two of whom were actually drawing pensions from the British Consulate, and therefore, in Iranian eyes, self-confessed British spies. A further nine families from Zabul and Zahidan have since been expelled for the same reason. I have been informed on more than one occasion by M. Pakrevan that the Government's policy is to remove foreigners from all frontier regions, and it will not be surprising if, in the course of the next few months, an attempt is made to extend this policy to other categories of Indians resident in Khorasan, especially to the Kashmiris and Kuzramis, whose numbers run into some hundreds.

6. But the spy mania, troublesome though it is to its victims, is as nothing compared with the economic regimentation of the national life, which is a universal calamity. This, however, is nothing new, and no special developments have taken place during the past six months, though it may be of interest to record that the use of the "black bourse" is becoming more general and is beginning apparently to be recognised even by the authorities themselves. British traders in Zahidan still seem to think it worth while to hang on in the hope of better days to come; but in Meshed a gradual exodus is beginning, and petty shopkeepers especially, some of whom have lived here all their lives, seem to think that they would be better off out of the country.

7. The new organisation of the provincial administrations, which has been law now for over a year, is at last beginning to take shape, and it appears, indeed, as if the Ustandars are gradually relinquishing their functions as administrative officers and becoming more the general supervisors which the law apparently intends them to be. But this process is only beginning and, though it is too early to say what effect it will eventually have on the general efficiency of the administration, it is safe to say that its first effects will only be to increase the prevailing confusion. In Khorasan the Governor-General now spends more of his time touring the province. The Farmandar is taking his place as the administrative head of the area, and foreign consulates have recently been asked to address their correspondence direct to him. In Mukran the new Governor-General spends very much more time than his predecessor on tour, though his headquarters remain at Zahidan. Here, the former Military Governor has been reduced to the status of a Bakhshdar, and the vice-consul, who used to correspond purely with him on petty matters, has been specially asked to correspond in future only with the Ustandar, probably because the Bakhshdar is felt to be too junior an officer to be entrusted with consular work. In Zabul the position is uncertain. The Ustandar, who was so long himself Governor of Zabul, on his frequent visits seems to give orders direct on any matters in which he is interested without reference to the Farmandar, who in his turn in certain matters seems to write direct to Tehran without consulting the Ustandar. This is perhaps no great matter as no official in East Iran, except possibly M. Pakrevan in Meshed, can in any case take even the smallest action without first referring to Tehran for orders.

8. So far from there being any apparent increase in general efficiency, the roads, which are perhaps the only obvious criterion by which the casual observer can judge, are definitely deteriorating. In the south the principal cause is said to lie in the fact that less and less of the money provided for their upkeep is actually spent on them. An educated Iranian has, indeed, expressed the opinion that more than 50 per cent. of the country's total budget expenditure finds its way into the pockets of the various officials instead of being devoted to the objects for which it was intended.

9. The consular boycott, though still strict, is not now so much in evidence in Meshed partly because with practice the police agents on our gates are making fewer stupid mistakes in the matter of arresting the private servants of Europeans, whether living inside or outside the consulate, and partly because we are getting so used to it that, in the absence of special provocation, we are able to ignore it. Iranians now for the most part know that they must get police permission to enter our gates, and this they are usually able to do in cases of real necessity. Even M. Yousef Hakimi, mentioned in paragraph 11 of my last report, was eventually able to come to claim his £60 deposit. When, however, travellers stay with us on their way through Meshed, the watch on our gates is redoubled and includes a cyclist whose furious pedalling after our visitors' cars, often empty, on their way to a garage or on some equally harmless errand, affords us some amusement and, indeed, astonishes our guests. I have pointed out to M. Pakrevan the unfortunate impression which this rather ridiculous boycott must leave on our fairly numerous visitors—in November alone we had thirteen I.C.S. probationers as well as several others—but though he is fully aware of this, all he can do is to turn the tables by offering to have them shown over the shrine. (Such visits to the shrine by other nationals are, indeed, now becoming an everyday occurrence and indicate that a change in our own policy on this subject may well require consideration in the not too distant future.) In Zahidan, on the other hand, the greater readiness on the part of the Iranians to fraternise has enabled our vice-consul, with the co-operation of Colonel Mukri, the Governor-General, to stage

a football match between a vice-consulate eleven and an Iranian team, at which the Governor-General himself was at home to both Iranian and British officials, with no untoward results to the participants.

10. No definite examples of anti-Jewish activities have been noticed, but there is an increasing tendency, fostered no doubt by German propaganda, to look on them with suspicion and to speak of them with disrespect. This may, however, only be a manifestation of the new nationalism which is creating increasing difficulties for all foreigners resident in or visiting the country. The effects of this may be seen in the figures of the pilgrim traffic to Meshed from India. In 1934, before the shrine riots, the figure was 2,775. This went down in 1936 to 481, rose in 1937 to 1,027, but has fallen again in the present year, for which the total is not expected to be more than 750.

11. It would, however, be ungenerous to comment on the much that is to be criticised without making any reference to the little that is to be commended. Meshed, with its shrine, is still exceedingly wealthy, and the shrine revenues are not wholly expended on the outward signs of progress such as public roads and gardens, though these are much in evidence. More schools are being opened, and there can be little doubt that young Iran is both healthier and happier than formerly. The boy scouts and girl guide movements have come to stay; and there is a general desire for education, the night schools for adults being especially popular. Finally, real efforts are being made to improve the hygiene of the city. In particular attention is at last being paid to the interior economy as well as the outside façade of the palatial Shah Reza hospital. The Iranian doctors on the staff, of course, have all their national defects; but Meshed is, I believe, the only place in Iran where nurses are being trained (by an American supervisor) in a State, as opposed to a mission, hospital, and the recent appointment of a European lady (believed to be a relative of Mme. Pakrevan and therefore with direct access to the Governor-General himself) to supervise the kitchen and domestic arrangements is evidence of a genuine desire to make the hospital a real service to the community instead of the hollow mockery which it has been hitherto.

G. F. SQUIRE.

Meshed, December 6, 1938.

[E 17/17/34]

No. 34.

Mr. Seymour to Viscount Halifax.—(Received December 31.)

(No. 147.)

(Telegraphic.)

Tehran, December 30, 1938.

IT was announced last night that Iranian Government had broken off diplomatic relations with France.

Press campaign against France has been going on in Iranian press for the last few days. French Minister tells me that he does not know the origin of the trouble and has received no communication from Iranian Government except curt note informing him of rupture of relations. He believes that the dispute started over some article introducing the usual joke about cats and the Shah, and that the Iranian Government asked for application of recent decree-law dealing with insults to foreign Governments, which naturally had to be refused. He also believes matter has been made worse by Iranian Minister at Paris. French Minister has so far received no instructions as to his movements.

(Repeated to India, No. 85 of 30th December.)